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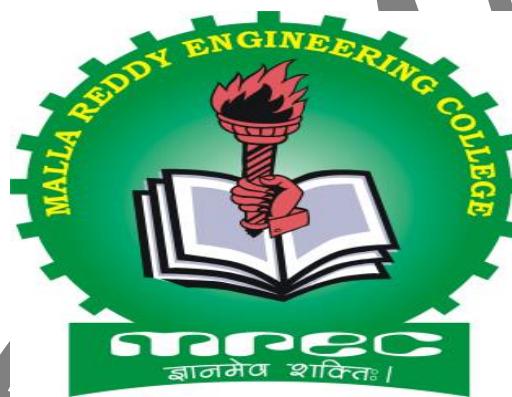
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## Department of Master of Business Administration

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**HUMAN RESOURCE MANAGEMENT**

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# HUMAN RESOURCE MANAGEMENT

## MODULE-1

### Introduction of Human Resource Management ,scope, Importance, Concept and Definitions of HRM .

HRM is concerned with the human beings in an organization. "The management of man" is a very important and challenging job because of the dynamic nature of the people. No two people are similar in mental abilities, tacticians, sentiments, and behaviors; they differ widely also as a group and are subject to many varied influences. People are responsive, they feel, think and act therefore they can not be operated like a machine or shifted and altered like template in a room layout. They therefore need a tactful handing by management personnel."HRM is the process of managing people of an organization with a human approach. Human resources approach to manpower enables the manager to view the people as an important resource. It is the approach through which organization can utilize the manpower not only for the benefits of the organization but for the growth, development and self satisfaction of the concerned people.

Thus, HRM is a system that focuses on human resources development on one hand and effective management of people on the other hand so that people will enjoy human dignity in their employment.

1 HRM is involved in providing human dignity to the employees taking into account their capacity, potentially, talents, achievement, motivation, skill, commitment, great abilities, and so on. So, that their personalities are recognized as valuable human beings. If an organization can trust, depend and draw from their bank account on the strength of their capital assets, they can trust, depend and draw more on their committed, talented, dedicated and capable people. This is what the HRM is involved in every business, managerial activity or introduction.

The principal component of an organization is its human resource or 'people at work'.

According to Leon C. Megginson from the national point of view Human Resources as, "the knowledge, skills, creative abilities, talents and aptitudes obtained in the population; whereas from the . view point of the individual enterprise, they represent the total of inherent abilities, acquired knowledge and skills as exemplified in the talents and aptitudes of its employees."

(2) Human resource has a paramount importance in the success of any organization because most of the problems in organizational setting are human and social rather than physical, technical or economical failure. In the words of Oliver Shelden, "No industry can be rendered efficient so long as the basic fact remains unrecognized that it is principally human."

3) Human Resources Management is concerned with the "people" dimension in management. Since every organization is made up of people acquiring their services, developing their skills, motivating them to high level of performance and ensuring that they continue to maintain their commitment to the organization are essential to achieve organizational objectives. This is true regardless of the type of organization, government, business, education, health, recreation or social action. Getting and keeping good people is critical to the success of every organization, whether profit or non-profit, public or private.

#### **Definitions of HRM:**

Definitions of HRM There are two different definitions. The first definition of HRM is that "It is the process of managing people in organizations in a structured and thorough manner."

(4) This covers the fields of staffing (hiring people), retention of people, pay and perks setting and management, performance management, change management and taking care of exits from the company to round off the activities. This is the traditional definition of HRM which leads some experts to define it as a modern

version of the Personnel Management function that was used earlier. The second definition of HRM encompasses “The management of people in organizations from a macro perspective, i.e. managing people in the form of a collective relationship between management and employees.”\*^ This approach focuses on the objectives and outcomes of the HRM functions. It means that the HR function in contemporary organizations is concerned with the notions of people enabling, people development and a focus on making the “employment relationship” fulfilling for both the management and employees.

In simple words, Human resource management is management function that helps manager to recruit, select, train and develop organization members. Or HRM is a process of making the efficient and effective use of human resources so that the set goals are achieved.

In general terms, Human Resource Management is “concerned with the people dimension in management. Since every organization is made up of people, acquiring their services, developing their skills, motivating them to high levels of performance and ensuring that they continue to maintain their commitment to the organization are essential for achieving organizational objectives. This is true regardless of the type of organization government business, Education, Health, regression or social action.”

In the words of Dunn and Stephens, “The HRM is the process of attracting, holding and motivating all manager line and staff.”

The National Institute of Personnel Management (NIPM) of India has defined human resource as “that part of management which is concerned with people at work and with their relationship within an enterprise. Its aim is to bring together and develop into an effective organization of the men and women who make up an enterprise and having regard for the well-being of the individuals and of working groups, to enable them to make their best contribution to its success.”

## **Human Resource Management: Meaning, Objectives, Scope and Functions**

### **Evolution and developments of HRM**

The history of development of HR management in India is comparatively of recent origin. But Kautilya had dealt with some of the important aspects of human resources management in his "Arthashastra," written in 400 B.C. Government in those days adapted the techniques of HRM as suggested by Kautilya.

In its modern sense, it has developed only since independence. Though the importance of labour officers was recognised as early as 1929, the appointment of officers to solve labour and welfare problems gained momentum only after the enactment of the Factories Act of 1948. Section 49 of the Act required the appointment of Welfare Officers in companies employing more than 500 workers.

At the beginning, Government was concerned only with limited aspects of labour welfare. The earliest labour legislation in India dealt with certain aspects of Indian labourers (Regulation of Recruitment, Forwarding and Employment) sent to various British colonies in 1830.

Important phases of evolution of HRM are presented in Evolution and Developments of HRM in India Period Development Status Outlook Emphasis  
Status 1920s1930s Beginning Pragmatism of capitalists Statutory, welfare paternalism Clerical 1940s - 1960s Struggling for recognition Technical, legalistic Introduction of Techniques Administrative 1970s Achieving Professional Regulatory, conforming, imposition Managerial 1980s Sophistication Legalistic, impersonal Standards on other functions 1990s Promising Philosophical Executive Human values, productivity through .

### **5 RECENT DEVELOPMENTS:**

Recent developments in the area of human resources management include treating the employees as economic, social, psychological and spiritual men and women. The important aspects of development of human resources management

year wise is shown below:

- In the year 1995, emphasis has been shifted to human resources development (HRD).

- In the year 1998, emphasis on HRD, cultural diversity, teamwork and participative management has been continuing. Further, the emerging areas are total quality in management in HRM, empowering the employees and developing empowered teams and integrating HRM with strategic management as the top management, realised that HRM is the core of competencies of the 21st century corporations.
- In the year 1999, second National Commission on Labour was setup to study the labour conditions.
- In the year 2001, emphasis has been on 'smart sizing of the organisations'.
- In the year 2002, emphasis has been shifted to positive attitude of the candidate/employee rather than skill and knowledge.
- In the year 2003, shift from intelligence quotient (IQ) to emotional quotient (EQ).
- In the year 2004, shift from skilled workers to knowledge workers.
- In the year 2005, shift from hierarchical structure to flexible and virtual structures.
- In the year 2006, HRM has become the core of strategic management level.
- In the year 2007, the concept of HRM has been relegated to human capital management.
- In the year 2008, emphasis has been on retention management and development of own human resources by companies through alliances with universities/colleges. In the same year, there was decline in business operations due to global economic recession and crisis.
- 6 • In the year 2009, continuation of job cuts, pay costs and lay-offs due to prolonged global recession and crisis.
- In the year 2014, emphasis is shifted to talent management and flexible human resource policies and practices.

## **Nature of HRM:**

HRM is a management function that helps managers to recruit, select, train and develop members for an organization. HRM is concerned with people's dimension in organizations.

The following aspects constitute the core of HRM: 1. HRM Involves the Application of Management Functions and Principles. The functions and principles are applied for acquiring, developing, maintaining and providing remuneration to employees in organization. 2. Decision Relating to Employees must be integrated. Decisions on different aspects of employees must be consistent with other human resource (HR) decisions.

3. Decisions Made Influence the Effectiveness of an Organization. Effectiveness of an organization will result in betterment of services to customers in the form of high quality products supplied at reasonable costs.

4. HRM Functions are not confined to Business Establishments Only but applicable to non-business organizations such as education, health care, recreation and like. HRM refers to a set of programmes, functions and activities designed and carried out in order to maximize both employee as well as organizational effectiveness.

## **Objectives of HRM :**

The primary objective of HRM is to ensure the availability of competent and willing workforce for an organization. Beyond this, there are other objectives too. Specifically, HRM objectives are four fold: Societal, Organization, Functional and personal.

- Personal Objectives: To assist Employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization. Personal objectives of employees must be maintained, retained and motivated.

**Objectives of HRM Functional Objectives:** To maintain the contribution of department at an appropriate level organization should fulfill the needs. Resources are wasted when HRM is either more or less sophisticated to suit the organizations demands.

- **Organizational Objectives:** To recognize the role of HRM in bringing about organizational effectiveness, HRM is not an end in itself but it is only a mean to assist the organization with its primary objectives organization.
- **Societal Objectives:** To be ethically & socially responsible for the needs and challenges of society while \ minimizing the negative impact of such demands upon the organization to use their resources for society's benefits in ethical ways may lead to restriction.
- **Other objectives:** ^ Accomplish the basic organizational goals by creating and utilizing an able and motivated workforce. " To establish and maintain organizational structure and desirable working relationships among all the members of the organization. Develop co-ordination among individual and group within organization to secure the integration of organization.

To create facilities and opportunities for individual or group development so as to match it with the growth of the organization.

To attain an effective utilization of human resources in the achievement of organizational goals.

To identify and satisfy individual and group needs by providing adequate and equitable wages, incentives, employee benefits and social security and measures for challenging work, prestige, recognition, security, status.

To maintain high employees morale and human relations by sustaining and improving the various conditions and facilities.

To strengthen and appreciate the human assets continuously by providing training and development programs.

- To consider and contribute to the minimization of socio-economic evils such as unemployment, under employment, inequalities in the distribution of income and wealth and to improve the welfare of the society by providing employment opportunities to women and disadvantaged sections of the society.

- To provide an opportunity for expression and voice management.

- To provide fair, acceptable and efficient leadership.

To provide facilities and conditions of work and creation of favorable atmosphere for maintaining stability of employment.

To create & utilize an able & motivated work force Establish & maintain sound organizational structure Create facilities attain an effective utilization Identify & satisfy individual & group needs.

" Maintain high employee morale Training & development Opportunity for expression Provide fair, acceptable and efficient leadership Facilities and conditions.

### **Scope of THE HRM**

The scope of HRM is indeed vast. All major activities in the working life of a worker - from the time of his or her entry into an organization until he or she leaves the organization comes under the preview of HRM.

The major HRM activities include HR planning, job analysis, job design, employee hiring, employee and executive remuneration, employee motivation, employee maintenance, industrial relations and prospects of HRM.

The scope of Human Resources Management extends to:

> All the decisions, strategies, factors, principles, operations, practices, functions, activities and methods related to the management of people as employees in any type of organization.

> All the dimensions related to people in their employment relationships and all the dynamics that flow from it. American Society for Training and Development (ASTD) conducted fairly an exhaustive study in this field and identified nine broad areas of activities of HRM.

These are given below:

- ❖ Human Resource Planning
- ❖ Design of the Organization and Job
- ❖ Selection and Staffing
- ❖ Training and Development
- ❖ Organizational Development
- ❖ Compensation and Benefits
- ❖ Employee Assistance
- ❖ Union/Labour Relations
- ❖ Personnel Research and Information System.

#### **a) Human Resource Planning:**

The objective of HR Planning is to ensure that the organization has the right types of persons at the right time at the right place. It prepares human resources inventory with a view to assess present and future needs, availability and possible shortages in human resource.

Moreover, HR Planning forecast demand and supplies and identify sources of selection. HR Planning develops strategies both long term and short-term, to meet the man-power requirement.

#### **b) Design of Organization and Job:**

This is the task of laying down organization structure, authority, relationship and responsibilities. This will also mean definition of work contents for each position in the organization. This is done by : "job description". Another important step is "Job specification". Job specification identifies the attributes of persons who will be most suitable for each job which is defined by job description.

### **C) Selection and Staffing:**

This is the process of recruitment and selection of staff. This involves matching people and their expectations with which the job specifications and career path available within the organization.

### **D) Training and Development:**

This involves an organized attempt to find out training needs of individuals to meet the knowledge and skill which is needed not only to perform current job but also to fulfill the future needs of the organization.

### **E) Organizational Development:**

This is an important aspect whereby “Synergetic effect” is generated in an organization i.e. healthy interpersonal and inter-group relationship within the organization.

### **f) Compensation and Benefits:**

This is the area of wages and salaries administration where wages and compensations are fixed scientifically to meet fairness and equity criteria. In addition labour welfare measures are involved which include benefits and services.

### **g) Employee Assistance:**

Each employee is unique in character, personality, expectation and temperament. By and large each one of them faces problems everyday. Some are personal some are official. In their case he or she remains worried. Such worries must be removed to make him or her more productive and happy.

### **h) Union-Labour Relations:**

Healthy Industrial and Labour relations are very important for enhancing peace and productivity in an organization. This is one of the areas of HRM

i) **Personnel Research and Information System:**

Knowledge on behavioral science and industrial psychology throws better insight into the workers expectations, aspirations and behavior. Advancement of technology of product and production methods have created working environment which are much different from the past. Globalization of economy has increased competition many fold.

Science of ergonomics gives better ideas of doing a work more conveniently by an employee. Thus, continuous research in HR areas is an unavoidable requirement. It must also take special care for improving exchange of information through effective communication systems on a continuous basis especially on moral and motivation. HRM is a broad concept; personnel management (PM) and Human resource development (HRD) are the parts of HRM.

**Role of HRM :**

The role of HRM is to plan, develop and administer policies and programs designed to make optimum use of an organizations human resources. It is that part of management which is concerned with the people at work and with their relationship within enterprises.

**Current Classification of HR roles:**

According to R.L Mathis and J. H. Jackson (2010) several roles can be fulfilled by HR management. The nature and extent of these roles depend on both what upper management wants HR management to do and what competencies the HR staff have demonstrated. Three roles are typically identified for HR. • Administrative • Operational Actions .

- **Strategic HR 1. Administrative Role of HR:**

The administrative role of HR management has been heavily oriented to administration and recordkeeping including essential legal paperwork and policy implementation.

Major changes have happened in the administrative role of HR during the recent years. Two major shifts driving the transformation of the administrative role are: Greater use of technology and Outsourcing.

Technology has been widely used to improve the administrative efficiency of HR and the responsiveness of HR to employees and managers. Moreover; HR functions are becoming available electronically or are being done on the Internet using Web-based technology.

Technology is being used in most HR activities, from employment applications and employee benefits enrollments to e-learning using Internet-based resources.

Classification of HR Roles  
Administrative Personnel practices Legal compliance forms and paperwork i Operational Actions Managing employee relationship issues Employee advocate

- I) Strategic HR Organizational business strategies HR strategic or planning Evaluation of HR effectiveness .

Increasingly, many HR administrative functions are being outsourced to vendors. This outsourcing of HR administrative activities has grown dramatically in HR areas such as employee assistance (counseling), retirement planning, benefits administration, payroll services and outplacement services.

2. Operational and Employee Advocate Role for HR: HR managers manage most HR activities in line with the strategies and operations that have been identified by management and serves as employee “champion” for employee issues and concerns. HR often has been

viewed as the “employee advocate” in organizations. They act as the voice for employee concerns, and spend considerable time on HR “crisis management,” dealing with employee problems that are both work-related and non work-related. Employee advocacy helps to ensure fair and equitable treatment for employees regardless of personal background or circumstances. Sometimes the HR’s advocate role may create conflict with operating managers.

However, without the HR advocate role, employers could face even more lawsuits and regulatory complaints than they do now. The operational role requires HR professionals to co-operate with various departmental and operating managers and supervisors in order to identify and implement needed programs and policies in the organization. Operational activities are tactical in nature.

Compliance with equal employment opportunity and other laws are ensured, employment applications are processed, current openings are filled through interviews, supervisors are trained, safety problems are resolved and wage and benefit questions are answered. For carrying out these activities HR manager matches HR activities with the strategies of the organization.

**Strategic Role for HR:** The administrative role traditionally has been the dominant role for HR. A broader transformation in HR is needed so that significantly less HR time and fewer HR staffs are used just for clerical work. Differences between the operational and strategic roles exist in a number of HR areas. The strategic HR role means that HR professionals are proactive in addressing business realities and focusing on future business needs, such as strategic planning, compensation strategies, the performance of HR and measuring its results.

However, in some organizations, HR often does not play a key role in formulating the strategies for the organization as a whole; instead it

merely carries them out through HR activities. Many executives, managers, and HR professionals are increasingly seeing the need for HR management to become a greater strategic contributor to the business success of organizations.

HR should be responsible for knowing what the true cost of human capital is for an employer. For example, it may cost two times key employees' annual salaries to replace them if they leave. Turnover can be controlled through HR activities, and if it is successful in saving the company money with good retention and talent management strategies, those may be important contributions to the bottom line of organizational performance.

The role of HR as a strategic business partner is often described as "having a seat at the table," and contributing to the strategic directions and success of the organization. That means HR is involved in devising strategy in addition of implementing strategy. Part of HR's contribution is to have financial expertise and to produce financial results, not just to boost employee morale or administrative efficiencies. Therefore, a significant concern for chief financial officers (CFOs) is whether HR executives are equipped to help them to plan and meet financial requirements.

The role of HR shifted from a facilitator to a functional peer with competencies in other functions and is acknowledged as an equal partner by others.

The HR is motivated to contribute to organizational objectives of profitability and customer satisfaction and is seen as a vehicle for realization of quality development. The department has a responsibility for monitoring employee satisfaction, since it is seen as substitute to customer satisfaction.

According to McKinsey's 7-S framework model HR plays the role of a catalyst for the organization. According to this framework, effective organizational change is a complex relationship between seven S's. HRM is a total matching process between the three Hard S (Strategy, Structure and Systems) and the four Soft S (Style, Staff, Skills and Super-ordinate Goals). Clearly, all the S's have to complement each other and have to be aligned towards a single corporate vision for the organization to be effective. It has to be realized that most of the S's are determined directly or indirectly by the way Human Resources are managed and therefore, HRM must be a part of the total business strategy.

### **Importance of HRM:**

The importance of human resource management can be discussed by "Yodder, Heneman" and others, from three standpoints, viz., social, professional and individual enterprise.

**1. Social Significance:** Proper management of personnel enhances their dignity by satisfying their social needs. This is done by: (i) maintaining a balance between the jobs available and the jobseekers, according to the qualifications and needs; (ii) Providing suitable and most productive employment, which might bring them psychological satisfaction; (iii) making maximum utilization of the resources in an effective manner and paying the employee a reasonable compensation in proportion to the contribution made by him; (iv) eliminating waste or improper use of human resource, through conservation of their normal energy and health; and (v) by helping people make their own decisions, that are in their interests.

**2. Professional Significance-** By providing healthy working environment it promotes team work in the employees. This is done by: (i) maintaining the dignity of the employee as a 'human-being'; (ii) providing maximum opportunity for personal development; (Hi) providing healthy relationship between different work groups so that work is effectively performed; (iv) improving the employees'

working skill and capacity; (v) correcting the errors of wrong postings and proper reallocation of work.

**3. Significance for Individual Enterprise:** It can help the organization in accomplishing its goals by: (i) creating right attitude among the employees through effective motivation; (ii) utilizing effectively the available goals of the enterprise and fulfilling their own social and other psychological needs of recognition, love, affection, belongingness, esteem and self-actualization. Dynamic and growth - oriented organization do require effective management of people in a fast - changing environment. Organizations flourish only through the efforts and competencies of their human resources. Employee capabilities must continuously be acquired, sharpened, and used. Any organization will have proper human resource management (i) to improve the capabilities of an individual; (ii) to develop team spirit of an individual and the department; and (Hi) to obtain necessarily co - operation from the employees to promote organizational effectiveness.

#### **Functions of HRM:**

Human Resources management has an important role to play in equipping organizations to meet the challenges of an expanding and increasingly competitive sector. Increase in staff numbers, contractual diversification and changes in demographic profile which compel the HR managers to reconfigure the role and significance of human resources management. The functions are responsive to current staffing needs, but can be proactive in reshaping organizational objectives. All the functions of HRM are correlated with the core objectives of HRM .

- 1)PLANNING
- 2) ORGANIZING
- 3)STAFFING
- 4)DIRECTING
- 5)CONTROLLING

For example personal objectives are sought to be realized through functions like remuneration, assessment etc.

HR management can be thought of as seven interlinked functions taking place within organizations.

Additionally, external forces—legal, economic, technological, global, environmental, cultural/geographic, political, and social—significantly affect how HR functions are designed, managed,

### Functions of HRM Strategic management

- HR effectiveness • HR metrics ♦ HR planning and HR retention , labor Relations
- Employee rights and privacy , 'HR policies ,relations Equal employment Opportunities Compliance \* Diversity • Affirmative action HR Talent Management
- Orientation •Training • HR development »Career planning • Total Rewards
- Compensation »Incentives • Benefits In Management and Worker Participation • Health and wetness • Safety • Security •Disaster and planning Staffing • job analysis • Recruiting • Selection.

### Functions of HRM.

**Strategic HR Management:** As a part of maintaining organizational competitiveness, strategic planning for HR effectiveness can be increased through the use of HR metrics and HR technology. Human resource planning (HRP) function determine the number and type of employees needed to accomplish organizational goals. HRP includes creating venture teams with a balanced skill-mix, recruiting the right people, and voluntary team assignment. This function analyzes and determines personnel needs in order to create effective innovation teams. The basic HRP strategies are staffing and employee development.

**2. Equal Employment Opportunity.** Compliance with equal employment opportunity (EEO) laws and regulations affect all other HR activities.

**3. Staffing:** The aim of staffing is to provide a sufficient supply of qualified individuals to fill jobs in an organization. Job analysis, recruitment and selection are the main functions under staffing. Workers job design and job analysis laid the

foundation for staffing by identifying what diverse people do in their jobs and how they are affected by them. Job analysis is the process of describing the nature of a job and specifying the human requirements such as knowledge, skills and experience needed to perform the job. The end result of job analysis is job description. Job description spells out work duties and activities of employees. Through HR planning, managers anticipate the future supply of and demand for employees and the nature of workforce issues, including the retention of employees. So HRP precedes the actual selection of people for organization. These factors are used when recruiting applicants for job openings. The selection process is concerned with choosing qualified individuals to fill those jobs. In the selection function, the most qualified applicants are selected for hiring from among the applicants based on the extent to which their abilities and skills are matching with the job.

**4. Talent Management and Development:** Beginning with the orientation of new employees, talent management and development includes different types of training. Orientation is the first step towards helping a new employee to adjust himself with the new job and the employer. It is a method to acquaint new employees with particular aspects of their new job, including pay and benefit programmes, working hours and company rules and expectations. Training and Development programs provide useful means of assuring that the employees are capable of performing their jobs at acceptable levels and also more than that. All the organizations provide training for new and inexperienced employee. In addition, organization often provide both on the job and off the job training programmes for those employees whose jobs are undergoing change. Likewise, HR development and succession planning of employees and managers both are necessary to prepare for future challenges. Career planning has developed as result of the desire of many employees to grow in their jobs and to advance in their career. Career planning activities include assessing an individual employee's potential for growth and advancement in the organization. Performance appraisal includes encouraging risk taking, demanding innovation, generating or adopting new tasks, peer evaluation, frequent evaluations and auditing innovation processes. This function monitors employee performance to ensure that it is at

acceptable levels or not. This strategy appraises individual and team performance so that there is a link between individual innovativeness and company profitability. Which tasks should be appraised and who should assess employees' performance are also taken into account.

**5. Total Rewards:** Compensation in the form of pay, incentives and benefits are the rewards given to the employees for performing organizational work. Compensation management is the method for determining how much employees should be paid for performing certain jobs. Compensation affects staffing and in the matter of staffing; people are generally attracted to organizations offering a higher level of pay in exchange of the work performed. To be competitive, employers develop and refine their basic compensation systems and may use variable pay programs such as incentive rewards, promotion from within the team, recognition rewards, balancing team and individual rewards etc. This function uses rewards to motivate personnel to achieve an organization's goals of productivity, innovation and profitability. Compensation is also related to employee development in the matter of compensation; it provides an important incentive for motivating employees to higher levels of job performance in the organization. Benefits are another form of compensation to employees other than direct pay for the work performed. Benefits include both legally required items and those offered at employer's discretion. Benefits are primarily related to the area of employee maintenance as they provide for many basic employee needs.

**6. Risk Management and Worker Protection-**. HRM addresses various workplace risks to ensure protection of workers by meeting legal requirements and being more responsive to concern for workplace health and safety along with disaster and recovery planning.

**7. Employee and Labor Relations:** The relationship between managers and their employees must be handled legally and effectively. Employer and employee rights must be addressed. It is important to develop, communicate and update HR policies and procedures so that managers and employees alike know what is

expected. In some organizations, union/management relations must be addressed as well.

**8. The term labour relation** refers to the interaction with employees who are represented by a trade union. Unions are organization of employees who join together to obtain more voice in decisions affecting wages, benefits, working conditions and other aspects of employment. With regard to labour relations the major function of HR personnel includes negotiating with the unions regarding wages, service conditions and resolving disputes and grievances.

**.9 Role of HR Manager** Human Resources Manager plays a vital role in the modern organization. He plays various strategic roles at different levels in the organization. The roles of the HR Manager include roles of conscience, of a counsellor, a mediator, a company spokesman, a problem solver and a change agent.

- **The Conscience Role:** The conscience role is that of a humanitarian who reminds the management of its morals and obligations to its employees.
- **The Counsellor.** Employees who are dissatisfied with the present job approach the HR manager for counselling. In addition, employees facing various problems like marital, health, children education/marriage, mental, physical and career also approach the HR managers. The HR Manager counsels and consults the employees and offers suggestions to solve/overcome the problems.
- **The Mediator.** As a mediator, the HR manager plays the role of a peace-maker. He settles the disputes between employees and the management. He acts as a liaison and communication link between both of them.
- **The Spokesman:** He is a frequent spokesman for or representative of the company.
- **The Problem-solver:** He acts as a problem solver with respect to the issues that involve human resources management and overall long range organizational planning.

• The Change Agent: He acts as a change agent and introduces changes in various existing programmes. He also performs various other roles like welfare role, clerical role and fire-fighting role.

. As a Specialist: The HR department has staff relationship with other departments/managers in the total organization. The personnel department is responsible for advising management from the Managing Director to the lowest line supervisor in all areas relating to HR management and industrial relations.

HR department also performs various functions of employment, training and development. It represents the management in many of the relationships that affect the organization as a whole. It is also responsible for representing various workers' problems to the management.

HR department generally acts in an advisory capacity; it provides information, offers suggestions and is not responsible for the end results.

The HR managers must exercise control each and every aspect very tactfully in order to win the confidence and cooperation of all line managers. They have to persuade line managers to work with staff specialists and not against them. The authority of the HR manager should derive from concrete HR policies and programmes and from the advantages and result of accepted specialised knowledge.

In certain situations (when line managers lack skill or knowledge in dealing with employee problems), experienced HR managers assume line responsibility for HR matters. But it may be resented by the managers who ought to seek staff assistance in meeting their HR responsibilities. They should earn the reputation and confidence offline managers of being a source of help rather than a source of threat to line managers. Staff assistance is likely to be effective when it is wanted rather than imposed.

. As a Change Agent: HR Manager should work as an enabler and change agent regarding HR areas and he should be familiar with different disciplines like management, technology, sociology, psychology and organizational behaviour as organizational adaptability, viability and development are dependent on human

resources development. So, the HR manager should work as a consultant of an organizational development by providing necessary information and infrastructure to the line managers.

Thus, the role of HR managers is more concerned with providing information and offering advice to the decision-makers rather than making decisions.

. As a Controller: Nevertheless, it is still true that effective HR executives advise on policies, help managers in implementing their programmes and provide services, exercise monitoring and control functions sparingly.

### **Challenges of HRM in Indian Economy :**

**1. Globalization:** - Growing internationalization of business has its impact on HRM in terms of problems of unfamiliar laws, languages, practices, competitions, attitudes, management styles, work ethics and more. HR managers have a challenge to deal with more functions, more heterogeneous functions and more involvement in employee's personal life.

**2. Corporate Re-organizations:** - Reorganization relates to mergers and acquisitions, joint ventures, take over, internal restructuring of organizations. In these situations, it is difficult to imagine circumstances that pose a greater challenge for HRM than reorganizations itself. It is a challenge to manage employees' anxiety, uncertainties, insecurities and fears during these dynamic trends.

**3. New Organizational forms:** - The basic challenge to HRM comes from the changing character of competitions. The competition is not between individual firms but between constellations of firm. Major companies are operating through a complex web of strategic alliances, forgings with local suppliers etc.

These relationships give birth to completely new forms of organizational structure, which highly depend upon a regular exchange of people and information.

The challenge for HRM is to cope with the implications of these newly networked relations more and more, in place of more comfortable hierarchical relationships that existed within the organizations for ages in the past.

**4. Changing Demographics of Workforce:** - Changes in workforce are largely reflected by dual career couples, large chunk of young blood between age old superannuating employees, working mothers, more educated and aware workers etc. These dynamic workforces have their own implications for HR managers and from HRM point of view is a true challenge to handle.

**5. Changed employee expectations:** - With the changes in workforce demographics, employee expectations and attitudes have also transformed. Traditional allurements like job security, house, and remunerations are not much attractive today, rather employees are demanding empowerment and equality with management. Hence' it is a challenge for HRM to redesign the profile of workers, and discover new methods of hiring, training, remunerating and motivating employees.

**6. New Industrial Relations Approach:** - In today's dynamic world, even unions have understood that strikes and militancy have lost their relevance and unions are greatly affected by it. The trade union membership has fallen drastically worldwide and the future of labor movement is in danger. The challenge before HRM is to adopt a proactive industrial relations approach which should enable HR specialist to look into challenges unfolding in the future and to be prepared no convert them into opportunities.

**7. Renewed People Focus:** - The need of today's world and business is the people's approach. The structure, strategy, systems approach which worked in post war era is no more relevant in today's economic environment which is characterized by over capacities and intense competition. The challenge of HR manager is to focus on people and make them justifiable and sustainable.

**8. Managing the Managers'.** - Managers are unique tribe in any society, they believe they are class apart. They demand decision-making, bossism and operational freedom. However in the post liberalization era, freedom given to

managers is grossly misused to get rid of talented and hard working juniors. The challenge of HRM is how to manage this tribe? How to make them realize that the freedom given to them is to enable them make quick decisions in the interest of the organization and not to resort to witch hunting.

**9. Weaker Society interests:** - Another challenge for HRM is to protect the interest of weaker sections of society. The dramatic increase of women workers, minorities and other backward communities in the workforce has resulted in the need for organizations to reexamine their policies, practices and values. In the name of global competition, productivity and quality the interests of the society around should not be sacrificed. It is a challenge of today's HR managers to see that these weaker sections are neither denied their rightful jobs nor are discriminated against while in send.

**10. Contribution to the success of organizations:** - The biggest challenge to an HR manager is to make all employees contribute to the success of the organization in an ethical and socially responsible way. Because society's well being to a large extent depends on its organizations.

#### **HR SCORE CARD DEVELOPED BY TVRLS INDIA**

The Human Resource Function plays a key role in business success and improved organizational performance. Yet, many organizations hold a perception that the HR function either has fallen short of expectations or is not very clear of its role. Hence, a thorough evaluation of the HR function is imperative both to rejuvenate it and to make it more business-driven. The HRD audit makes such an evaluation possible. It examines the adequacy and appropriateness of the existing HRD systems, structures, styles, culture and competencies. It goes a step further and ascertains whether the HRD structure and systems are aligned with the current goals and strategy of the organization or not.

The HRD SCORECARD 2500TM is an innovative tool designed by Prof. Rao (Chairman of TVRLS) to assesses the maturity level of HR Systems in an organization. It assigns a four-letter rating to grade four critical dimensions of HRD, which are vital contributors to organizational performance:

1. HRD systems maturity
2. HRD competencies
3. HRD culture and values
4. HRD linkages to business goals.

The scores obtained in the scorecard can be used to further benchmark the maturity level of the HRD function in the organization.

TVRLS helps organizations develop futuristic HRD Plan to support the business. A variety of methodologies like Interviews, Questionnaires, Observations, Analysis of records, Workshops, etc. are used. TVRLS provides both the framework and a detailed methodology of HRD audit so as to enable corporations to conduct an internal audit of their HR functions themselves.

## HR Scorecard Implementation

### **It has seven steps model:**

- Clarify the business strategy
- Develop HR Architecture
- Create a strategy map of the firm
  - Business Indicators
  - Results
- Identify HR Deliverables in the map
- Align HR Architecture with HR Deliverables
- Design HR Scorecard
- Execute/Implement

# HR Scorecard

Strategic Objectives	Key Performance Indicators
Implement Best Talent Management Practices	<ul style="list-style-type: none"><li>Number of Qualified Talents per Strategic Positions</li><li>Progress of Talent Development Plan (actual vs. plan)</li><li>% of Senior Managers who Have Been Promoted Internally</li></ul>
Optimize Performance Management System	<ul style="list-style-type: none"><li>Average Competency Assessment Scores</li><li>Number of Performance Feedback Session Conducted per Year</li></ul>

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## HR Scorecard

- Measures HR Deliverables and objectives
- Quantitatively demonstrate HR's contribution to firm's financial results and profitability
- Measure the degree of alignment between business strategy and HR deliverables
- HR Scorecard links the things people do with the strategy of the firm.

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## Development of HR Scorecard

- The development of an HR Scorecard must be done with four perspectives in mind as follows:
- A financial perspective to address strategies that satisfy customers
- A customer perspective that asks what customer want
- An internal perspective that addresses the stated desires of customers and designs processes consistent with those desire learning perspective that taken into account .
- HR employees can implement steps to align HR goals with the overall company mission, vision and business objectives.



## **MODULE:II**

### **RECRUITMENT AND SELECTION**

#### **Basics of Job Analysis:**

**Job Analysis is a systematic exploration, study and recording the responsibilities, duties, skills, accountabilities, work environment and ability requirements of a specific job.** It also involves determining the relative importance of the duties, responsibilities and physical and emotional skills for a given job. All these factors identify what a job demands and what an employee must possess to perform a job productively.

#### **What Does Job Analysis Involve ?**

The process of job analysis involves in-depth investigation in order to control the output, i.e., get the job performed successfully. The process helps in finding out what a particular department requires and what a prospective worker needs to deliver. It also helps in determining particulars about a job including job title, job location, job summary, duties involved, working conditions, possible hazards and machines, tools, equipments and materials to be used by the existing or potential employee.

However, the process is not limited to determination of these factors only. It also extends to finding out the necessary human qualifications to perform the job. These include establishing the levels of education, experience, judgment, training, initiative, leadership skills, physical skills, communication skills, responsibility, accountability, emotional characteristics and unusual sensory demands. These factors change according to the type, seniority level, industry and risk involved in a particular job.

#### **Importance of Job Analysis**

**The details collected by conducting job analysis play an important role in controlling the output of the particular job.** Determining the success of job depends on the unbiased, proper and thorough job analysis. It also helps in recruiting the right people for a particular job. The main purpose of conducting this whole process is to create and establish a perfect fit between the job and the employee.

Job analysis also helps HR managers in deciding the compensation package and additional perks and incentives for a particular job position. It effectively contributes in assessing the training needs and performance of the existing employees. The process forms the basis to design and establish the strategies and policies to fulfill organizational goals and objectives.

However, analysis of a particular job does not guarantee that the managers or organization would get the desired output. Actually collecting and recording information for a specific job involves several complications. If the job information is not accurate and checked from time to time, an employee will not be able to perform his duty well. Until and unless he is not aware of what he is supposed to do or what is expected of him, chances are that the time and energy spent on a particular job analysis is a sheer wastage of human resources. Therefore, proper care should be taken while conducting job analysis.

A thorough and unbiased investigation or study of a specific job is good for both the managers and the employees. The managers get to know whom to hire and why. They can fill a place with the right person. On the other hand, existing or potential employee gets to know what and how he is supposed to perform the job and what is the desired output. Job analysis creates a right fit between the job and the employee.

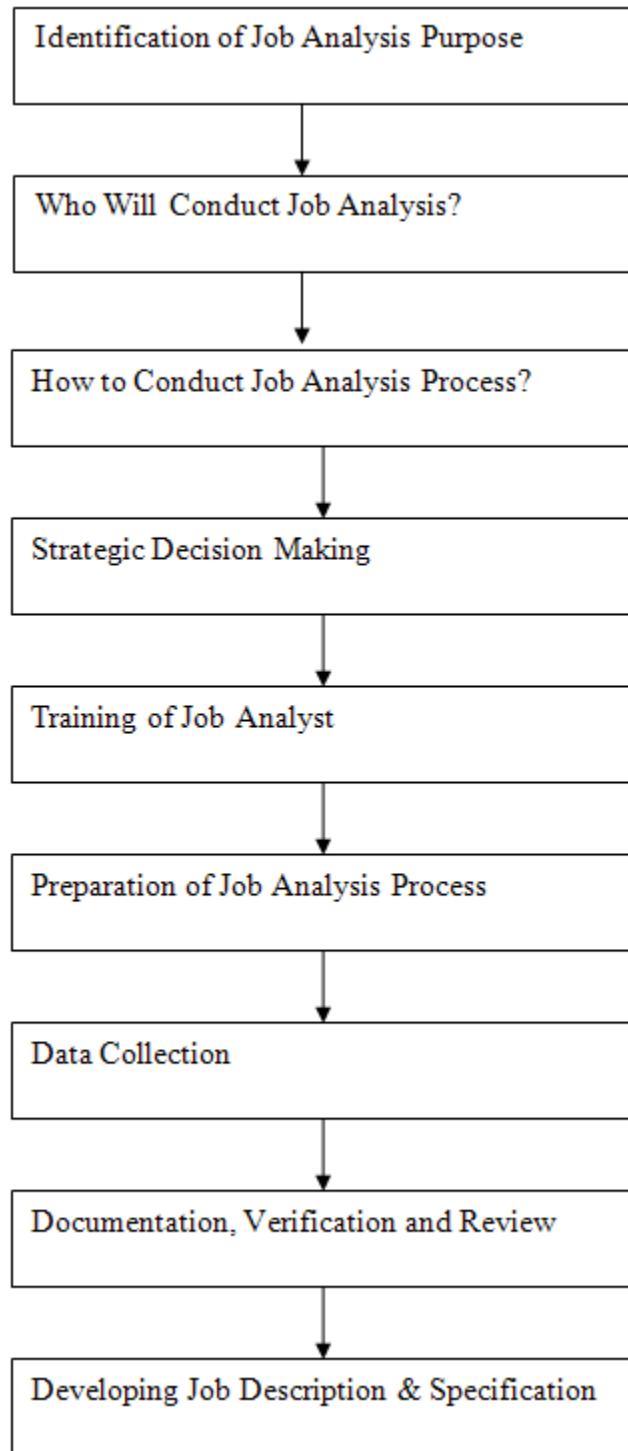
## **JOB ANALYSIS PROCESS:**

Where to place the employees in order to best utilize their skills and talent? How to determine the need of new employees in the organization? How to eliminate unneeded jobs? How to set realistic performance measurement standards? How to identify the jobs and prepare a plan to fill them?

Well, all this can be effectively done by a proper and thorough job analysis. Managers deal such kinds of challenges in day-to-day company operations where they need to fulfill effectively and efficiently fulfill the organization's requirements related to human resource recruitment, selection, performance, satisfaction and cutting down and adding extra responsibilities and duties. And there is no scope where they can avert the risk of being wrong.

An effective and right process of analyzing a particular job is a great relief for them. It helps them maintain the right quality of employees, measure their performance on realistic standards, assess their training and development needs and increase their productivity. Let's discuss the job analysis process and find out how it serves the purpose.

## Job Analysis Process



- **Identification of Job Analysis Purpose:** Well any process is futile until its purpose is not identified and defined. Therefore, the first step in the process is to determine its need and desired output. Spending human efforts, energy as well as money is useless until HR managers don't know why data is to be collected and what is to be done with it.
  - **Who Will Conduct Job Analysis:** The second most important step in the process of job analysis is to decide who will conduct it. Some companies prefer getting it done by their own HR department while some hire job analysis consultants. Job analysis consultants may prove to be extremely helpful as they offer unbiased advice, guidelines and methods. They don't have any personal likes and dislikes when it comes to analyze a job.
  - **How to Conduct the Process:** Deciding the way in which job analysis process needs to be conducted is surely the next step. A planned approach about how to carry the whole process is required in order to investigate a specific job.
  - **Strategic Decision Making:** Now is the time to make strategic decision. It's about deciding the extent of employee involvement in the process, the level of details to be collected and recorded, sources from where data is to be collected, data collection methods, the processing of information and segregation of collected data.
  - **Training of Job Analyst:** Next is to train the job analyst about how to conduct the process and use the selected methods for collection and recoding of job data.
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- **Preparation of Job Analysis Process:** Communicating it within the organization is the next step. HR managers need to communicate the whole thing properly so that employees offer their full support to the job analyst. The stage also involves preparation of documents, questionnaires, interviews and feedback forms.
  - **Data Collection:** Next is to collect job-related data including educational qualifications of employees, skills and abilities required to perform the job, working conditions, job activities, reporting hierarchy, required human traits, job activities, duties and responsibilities involved and employee behaviour.
  - **Documentation, Verification and Review:** Proper documentation is done to verify the authenticity of collected data and then review it. This is the final information that is used to describe a specific job.

- **Developing Job Description and Job Specification:** Now is the time to segregate the collected data into useful information. Job Description describes the roles, activities, duties and responsibilities of the job while job specification is a statement of educational qualification, experience, personal traits and skills required to perform the job.

Thus, the process of job analysis helps in identifying the worth of specific job, utilizing the human talent in the best possible manner, eliminating unneeded jobs and setting realistic performance measurement standards.

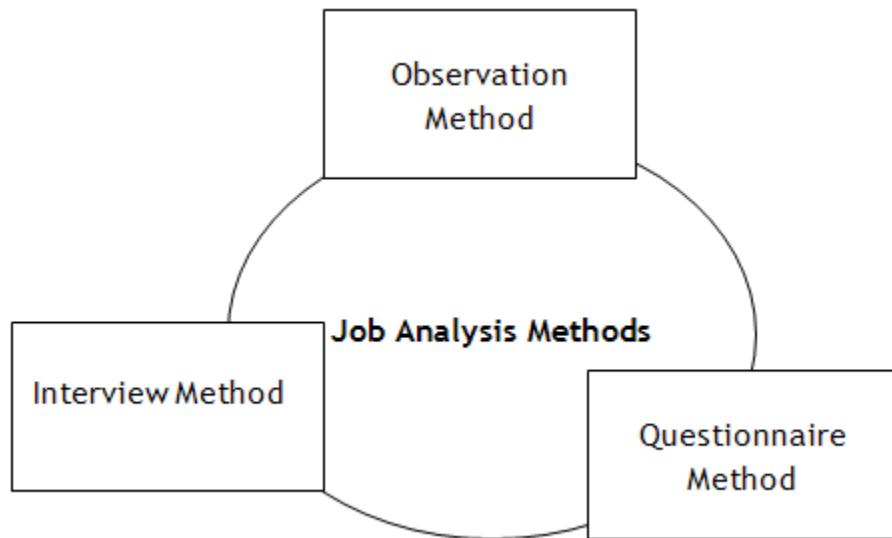
### **Job Analysis Methods**

Though there are several methods of collecting job analysis information yet choosing the one or a combination of more than one method depends upon the needs and requirements of organization and the objectives of the job analysis process. Typically, all the methods focus on collecting the basic job-related information but when used in combination may bring out the hidden or overlooked information and prove to be great tools for creating a perfect job-candidate fit.

Selecting an appropriate job analysis method depends on the structure of the organization, hierarchical levels, nature of job and responsibilities and duties involved in it. So, before executing any method, all advantages and disadvantages should be analyzed because the data collected through this process serves a great deal and helps organizations cope with current market trends, organizational changes, high attrition rate and many other day-to-day problems.

Let's discuss few of job analysis methods that are commonly used by the organizations to investigate the demands of a specific job.

## Job Analysis Methods



### Most Common Methods of Job Analysis

- **Observation Method:** A job analyst observes an employee and records all his performed and non-performed tasks, fulfilled and un-fulfilled responsibilities and duties, methods, ways and skills used by him or her to perform various duties and his or her mental or emotional ability to handle challenges and risks. However, it seems one of the easiest methods to analyze a specific job but truth is that it is the most difficult one. Why? Let's Discover.

It is due to the fact that every person has his own way of observing things. Different people think different and interpret the findings in different ways. Therefore, the process may involve personal biasness or likes and dislikes and may not produce genuine results. This error can be avoided by proper training of job analyst or whoever will be conducting the job analysis process.

This particular method includes three techniques: direct observation, Work Methods Analysis and Critical Incident Technique. The first method includes direct observation and recording of behaviour of an employee in different situations. The second involves the study of time and motion and is specially used for assembly-line or factory workers. The third one is about identifying the work behaviours that result in performance.

- **Interview Method:** In this method, an employee is interviewed so that he or she comes up with their own working styles, problems faced by them, use of particular skills and techniques while performing their job and insecurities and fears about their careers.

This method helps interviewer know what exactly an employee thinks about his or her own job and responsibilities involved in it. It involves analysis of job by

employee himself. In order to generate honest and true feedback or collect genuine data, questions asked during the interview should be carefully decided. And to avoid errors, it is always good to interview more than one individual to get a pool of responses. Then it can be generalized and used for the whole group.

- **Questionnaire Method:** Another commonly used job analysis method is getting the questionnaires filled from employees, their superiors and managers. However, this method also suffers from personal biasness. A great care should be taken while framing questions for different grades of employees.

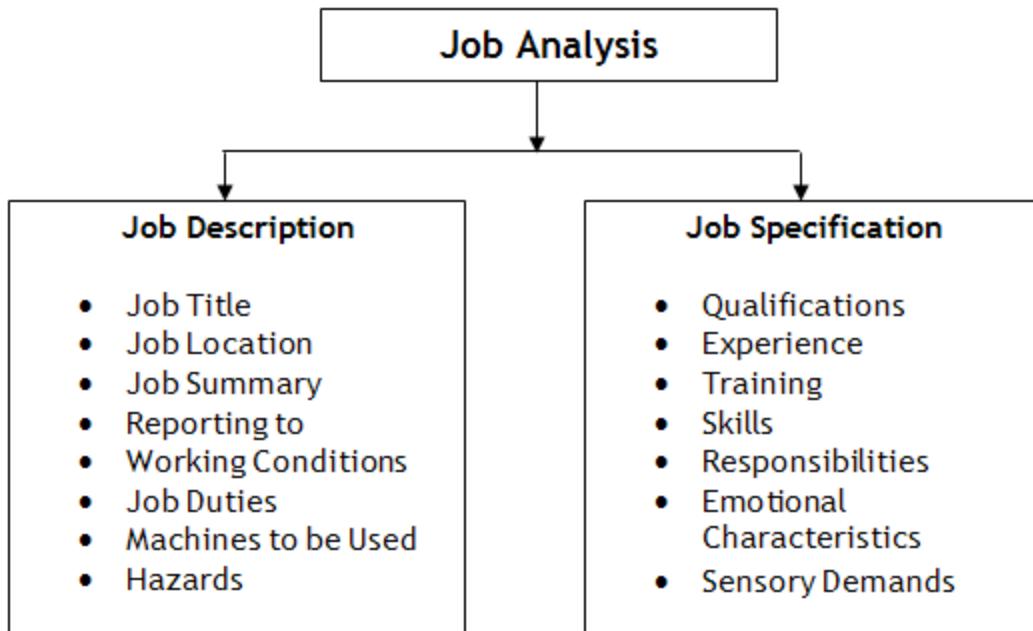
In order to get the true job-related info, management should effectively communicate it to the staff that data collected will be used for their own good. It is very important to ensure them that it won't be used against them in anyway. If it is not done properly, it will be a sheer wastage of time, money and human resources.

These are some of the most common methods of job analysis. However, there are several other specialized methods including task inventory, job element method, competency profiling, technical conference, threshold traits analysis system and a combination of these methods. While choosing a method, HR managers need to consider time, cost and human efforts included in conducting the process.

## Job Description and Job Specification

Job Analysis is a primary tool to collect job-related data. The process results in collecting and recording two data sets including job description and job specification. Any job vacancy can not be filled until and unless HR manager has these two sets of data. It is necessary to define them accurately in order to fit the right person at the right place and at the right time. This helps both employer and employee understand what exactly needs to be delivered and how.

Both job description and job specification are essential parts of job analysis information. Writing them clearly and accurately helps organization and workers cope with many challenges while onboard.



Though preparing job description and job specification are not legal requirements yet play a vital role in getting the desired outcome. These data sets help in determining the necessity, worth and scope of a specific job.

### Job Description

Job description includes basic job-related data that is useful to advertise a specific job and attract a pool of talent. It includes information such as job title, job location, reporting to and of employees, job summary, nature and objectives of a job, tasks and duties to be performed, working conditions, machines, tools and equipments to be used by a prospective worker and hazards involved in it.

### Purpose of Job Description

- The main purpose of job description is to collect job-related data in order to advertise for a particular job. It helps in attracting, targeting, recruiting and selecting the right candidate for the right job.
- It is done to determine what needs to be delivered in a particular job. It clarifies what employees are supposed to do if selected for that particular job opening.
- It gives recruiting staff a clear view what kind of candidate is required by a particular department or division to perform a specific task or job.
- It also clarifies who will report to whom.

### Job Specification

Also known as employee specifications, a job specification is a written statement of educational qualifications, specific qualities, level of experience, physical, emotional, technical and communication skills required to perform a job, responsibilities involved in

a job and other unusual sensory demands. It also includes general health, mental health, intelligence, aptitude, memory, judgment, leadership skills, emotional ability, adaptability, flexibility, values and ethics, manners and creativity, etc.

### Purpose of Job Specification

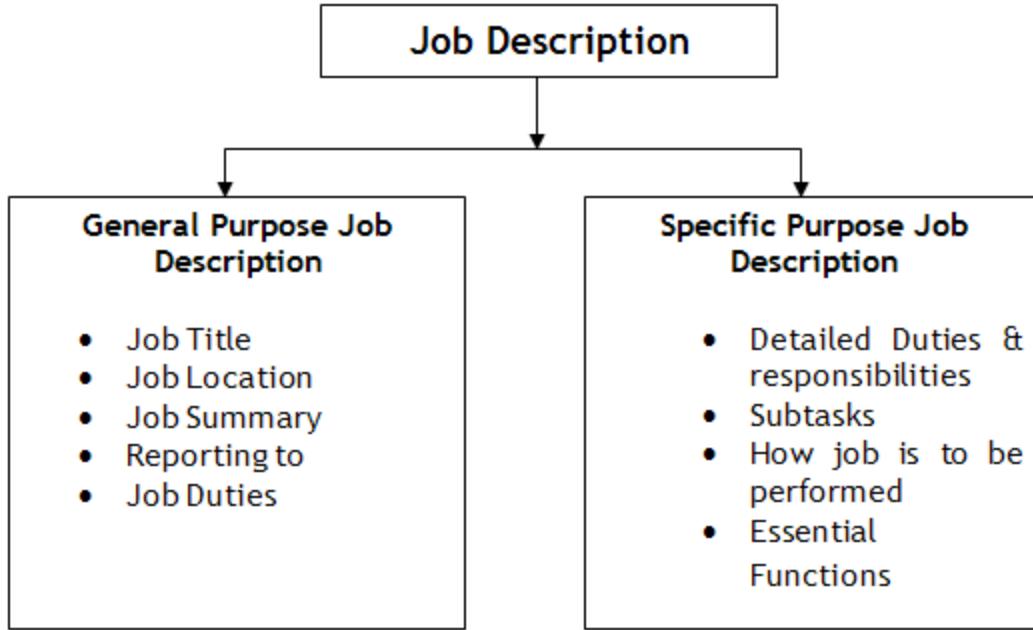
- Described on the basis of job description, job specification helps candidates analyze whether are eligible to apply for a particular job vacancy or not.
- It helps recruiting team of an organization understand what level of qualifications, qualities and set of characteristics should be present in a candidate to make him or her eligible for the job opening.
- Job Specification gives detailed information about any job including job responsibilities, desired technical and physical skills, conversational ability and much more.
- It helps in selecting the most appropriate candidate for a particular job.

Job description and job specification are two integral parts of job analysis. They define a job fully and guide both employer and employee on how to go about the whole process of recruitment and selection. Both data sets are extremely relevant for creating a right fit between job and talent, evaluate performance and analyze training needs and measuring the worth of a particular job.

### Purpose of Job Description

Job description is all about collecting and recording basic job-related data that includes job title, job location, job summary, job duties, reporting information, working conditions, tools, machines and equipments to be used and hazards and risks involved in it. A job description may or may not have specific purpose. It depends on what HR managers want to determine and what is the objective of conducting the process of job analysis.

Job Description is a summary of job analysis findings that helps managers determine what an employee is supposed to do when onboard. **The purpose of job description depends on the level of details the job findings include.** Job description carried for general purpose typically involves job identification (title, designation, location) and a statement of duties and functions of a prospective or existing employee. A specifically carried job description includes detailed information about the kind of job, how it is supposed to be performed and what is expected to be delivered. Let's discuss the general and specific purpose of conducting a job description process.



## General Purpose of Job Description

General purpose job descriptions are used by organizations to find the very basic information about a particular job opening. Though data includes worker's duties but does not contain sub tasks, performance standards and basis for evaluating jobs and establishing right compensation packages.

### Advantages

The main benefit of general purpose job description is that it does not consume much time and quickly provides basic information to managers. It does not require much human efforts and is very easy and convenient to carry out. Additionally, a job analyst does not have to conduct deep research to gather the required details.

### Disadvantages

The main disadvantage of general purpose job description is that it does not provide managers with full-fledged information about job context and sub tasks. Sometimes, a manager may fail to extract correct information from such small amount of data.

## Specific Purpose of Job Description

Specific purpose job description includes detailed information about job responsibilities of an employee. It also covers sub tasks, essential functions and detailed job duties. It involves huge amount of details such as what an employee needs to do, how it is to be done and what are the performance standards, etc.

## **Advantages**

The main benefit of specific purpose job description is that it offers ample information to evaluate job performance and determine training needs of employees. It serves as a basis for all other HR processes including recruitment and selection, performance appraisal, compensation decision and many more.

## **Disadvantages**

Though it assists managers in decision making process but it has its own limitations. The process, however, may take very long and consume lots of human efforts. Since, it involves collecting detailed information; the biased nature of job analyst can cause severe problems. The data collected may not be 100 percent genuine.

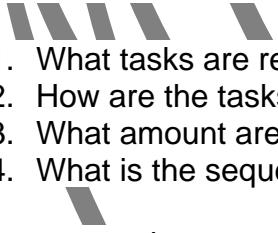
Therefore, it can be said that information collected during job analysis defines the purpose of job description. If data collected is extremely basic, it will serve only the general purpose and therefore, can not be used for making management decisions. On the other hand, detailed data serves the specific purpose and can be easily used while making important decisions.

## **Job Design - Meaning, Steps and its Benefits**

Job design follows job analysis i.e. it is the next step after job analysis. It aims at outlining and organising tasks, duties and responsibilities into a single unit of work for the achievement of certain objectives. It also outlines the methods and relationships that are essential for the success of a certain job. In simpler terms it refers to the what, how much, how many and the order of the tasks for a job/s.

Job design essentially involves integrating job responsibilities or content and certain qualifications that are required to perform the same. It outlines the job responsibilities very clearly and also helps in attracting the right candidates to the right job. Further it also makes the job look interesting and specialised.

**There are various steps involved in job design that follow a logical sequence, those that were mentioned earlier on. The sequence is as follows:**

- 
1. What tasks are required to be done or what tasks is part of the job?
  2. How are the tasks performed?
  3. What amount of tasks are required to be done?
  4. What is the sequence of performing these tasks?

All these questions are aimed at arriving upon a clear definition of a specific job and thereby make it less risky for the one performing the same. A well defined job encourages feeling of achievement among the employees and a sense of high self esteem.

The whole process of job design is aimed to address various problems within the organisational setup, those that pertain to ones description of a job and the associated relationships. More specifically the following areas are fine tuned:

- Checking the work overload.
- Checking upon the work under load.
- Ensuring tasks are not repetitive in nature.
- Ensuring that employees don not remain isolated.
- Defining working hours clearly.
- Defining the work processes clearly.

The above mentioned are factors that if not taken care of result into building stress within the employees.

### **Benefits of Job Design**

The following are the benefits of a good job design:

1. **Employee Input:** A good job design enables a good job feedback. Employees have the option to vary tasks as per their personal and social needs, habits and circumstances in the workplace.
2. **Employee Training:** Training is an integral part of job design. Contrary to the philosophy of "leave them alone" job design lays due emphasis on training people so that are well aware of what their job demands and how it is to be done.
3. **Work / Rest Schedules:** Job design offers good work and rest schedule by clearly defining the number of hours an individual has to spend in his/her job.
4. **Adjustments:** A good job designs allows for adjustments for physically demanding jobs by minimising the energy spent doing the job and by aligning the manpower requirements for the same.

Job design is a continuous and ever evolving process that is aimed at helping employees make adjustments with the changes in the workplace. The end goal is reducing dissatisfaction, enhancing motivation and employee engagement at the workplace.

### **Principles of Job Evaluation:**

Job evaluation as evident from the word itself aims at evaluating the job and not the person. It is a process of evaluating and determining the value of the job for an organisation. The evaluation is always in relative and not absolute terms. The idea is evaluate a certain job against other jobs in the organisation so that a fair compensation system against various bands or levels can be established.

Organisations use various ways to evaluate jobs for arriving upon a compensation scheme. They vary with the size of the organisation and the kind of industry they operate in. Job ranking, pair comparison and benchmarking are the various ways of evaluation.

The simpler or the easiest to perform is the job ranking method. In this method the jobs are taken as a whole and ranked against each other. The jobs are ordered according to perceived seniority. Such method is easier to apply in a small organisation but gets complicated once used for large corporations.

The other method is the pair comparison method where jobs are compared in pairs. It is more structured approach to comparing jobs. Yet another method is benchmarking where certain jobs are slotted and then examined in detail. These are then used as benchmarks in evaluating various jobs.

In addition Point Factor Analysis is also used to evaluate various jobs. The method is an old and tested one. In this method jobs are broken down into various factors such as skills required, experience, education required. A set of questions is framed against each factor and the response determines the score. Each factor is allotted a certain weight.

## Principles of Job Evaluation

- **Definition:** Jobs must be clearly defined such that they are identifiable and easily distinguishable. These jobs must then be part of the job description.
- **Evaluation:** A job evaluation scheme must be arrived upon and used as a standard and all jobs in the organisation must be evaluated as per that scheme only.
- **Job Understanding:** Job evaluators need to have deep insights into the job design process. They must have a methodical understanding of various tasks involved.
- **Concern:** Job evaluation must be concerned with the job and not with the person. i.e. it is the job that has to be evaluated and not the person
- **Assessment:** The assessment has to be carried out in an acceptable manner and by competent people. Further, it is based on judgement and is not scientific but can however be used to make objective judgements if used correctly.

With organisations changing continuously in every sphere of operations, be it the way they conduct their business, the way they hire and manage people, there is a huge change in the processes that drive this change. Job evaluation and its technique are not immune to it. The techniques are changing very fast. There are organisations still that stick to existing schemes of job evaluation. Evaluations based upon old existent standards are time consuming in many cases. Organisations do not want to spend time on writing new jobs and making evaluations afresh. Those that do this may need to rethink!

## Job Rotation - Meaning and its Objectives

Job Rotation is a management approach where employees are shifted between two or more assignments or jobs at regular intervals of time in order to expose them to all verticals of an organization. It is a pre-planned approach with an objective to test the employee skills and competencies in order to place him or her at the right place. In addition to it, it reduces the monotony of the job and gives them a wider experience and helps them gain more insights.

Job rotation is a well-planned practice to reduce the boredom of doing same type of job everyday and explore the hidden potential of an employee. The process serves the purpose of both the management and the employees. It helps management in discovering the talent of employees and determining what he or she is best at. On the

other hand, it gives an individual a chance to explore his or her own interests and gain experience in different fields or operations.



## Job Rotation Objectives

- **Reducing Monotony of the Job:** The first and foremost objective of job rotation is to reduce the monotony and repetitiveness involved in a job. It allows employees to experience different type of jobs and motivates them to perform well at each stage of job replacement.
- **Succession Planning:** The concept of succession planning is 'Who will replace whom'. Its main function of job rotation is to develop a pool of employees who can be placed at a senior level when someone gets retired or leaves the organization. The idea is to create an immediate replacement of a high-worth employee from within the organization.
- **Creating Right-Employee Job Fit:** The success of an organization depends on the on-job productivity of its employees. If they're rightly placed, they will be able to give the maximum output. In case, they are not assigned the job that they are good at, it creates a real big problem for both employee as well as organization. Therefore, fitting a right person in right vacancy is one of the main objectives of job rotation.
- **Exposing Workers to All Verticals of the Company:** Another main function of job rotation process is to exposing workers to all verticals or operations of the organization in order to make them aware how company operates and how tasks are performed. It gives them a chance to understand the working of the organization and different issues that crop up while working.
- **Testing Employee Skills and Competencies:** Testing and analyzing employee skills and competencies and then assigning them the work that they excel at is one of the major functions of job rotation process. It is done by moving them to different jobs and assignments and determining their proficiency and aptitude. Placing them what they are best at increases their on-job productivity.

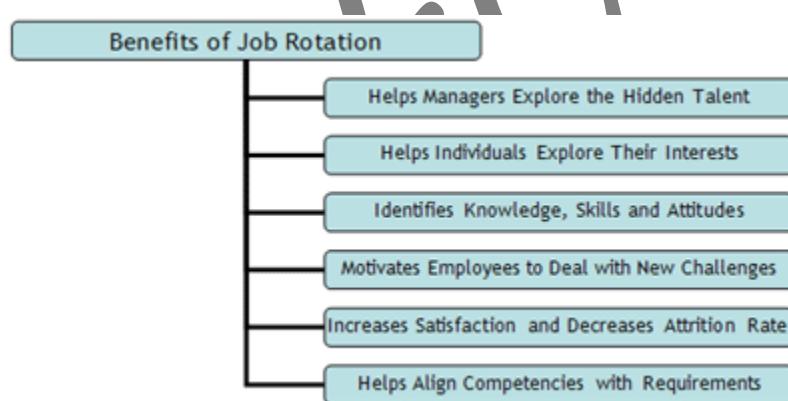
- **Developing a Wider Range of Work Experience:** Employees, usually don't want to change their area of operations. Once they start performing a specific task, they don't want to shift from their comfort zone. Through job rotation, managers prepare them in advance to have a wider range of work experience and develop different skills and competencies. It is necessary for an overall development of an individual. Along with this, they understand the problems of various departments and try to adjust or adapt accordingly.

Job rotation is a well planned management approach that is beneficial both for employees and management.

## Benefits of Job Rotation

Job rotation is considered as an effective tool for successful implementation of HR strategy. It is about settling employees at the right place where they can deliver the maximum results. In today's highly competitive world, this can be proved as the best strategy to find the immediate replacement of a high-worth employee from within the organization. Finding the most suitable people and shifting them to take on the responsibilities of a higher level is a tough task. Job rotation helps HR managers determine who can be replaced by whom and create a suitable and beneficial fit.

A properly planned and carried job rotation process plays an essential role in strengthening the position of an organization and helps it deal with uncertain and tentative outer environment. Let's discuss the benefits of job rotation process at length in order to realize its importance and the potential:



## Benefits of Job Rotation

- **Helps Managers Explore the Hidden Talent:** Job Rotation is designed to expose employees to a wider range of operations in order to assist managers in exploring their hidden talent. In the process, they are moved through a variety of assignments so that they can gain awareness about the actual working style of the organization and understand the problems that crop up at every stage. Through this process, managers identify what a particular employee is good at and accordingly he or she is assigned a specific task.

- **Helps Individuals Explore Their Interests:** Sometimes, employees are not aware of what would like to do until they have their hands on some specific job. If their job is rotated or they are exposed to different operations, they can identify what they are good at and what they enjoy doing. They get a chance to explore their interests and hidden potential.
- **Identifies Knowledge, Skills and Attitudes:** Job Rotation helps managers as well as individuals identify their KSA (Knowledge, Skills and Attitudes). It can be used in determining who needs to improve or upgrade his or skills in order to perform better. This helps in analyzing training and development needs of employees so that they can produce more output.
- **Motivates Employees to Deal with New Challenges:** When employees are exposed to different jobs or assigned new tasks, they try to give their best while effectively dealing with the challenges coming their way. It encourages them to perform better at every stage and prove that they are no less than others. This gives rise to a healthy competition within the organization where everyone wants to perform better than others.
- **Increases Satisfaction and Decreases Attrition Rate:** Exposing employees to different tasks and functions increase their satisfaction level. Job variation reduces the boredom of doing same task everyday. Moreover, it decreases attrition rate of the organization. Employees develop a sense of belongingness towards the organization and stick to it till long.
- **Helps Align Competencies with Requirements:** Alignment of competencies with requirements means directing the resources when and where they are required. It assesses the employees and places them at a place where their skills, competencies and caliber are used to the highest possible extent.



Job rotation is an alternative to reduce the boredom caused due to repetitiveness of tasks and revive their willingness to handle a job and challenges involved in it with same excitement and zeal.

# Planning and Implementing Successful Job Rotation

Planning is crucial in job rotation. Do not implement job rotation just because other organizations are doing the same. Find out whether job rotation would actually benefit your employees or not. The nature of business also plays an important role in deciding whether job rotation would be beneficial to the organization or not. For example, **the concept of job rotation would not be very effective in manufacturing organizations where every department needs skilled employees with detailed knowledge of every process.**

The first and the foremost thing to understand before implementing job rotation is whether your employees would benefit out of the process or not? Sit with your team members and discuss how comfortable are they with the idea of working on a different assignment with new people for a certain period of time? Remember, employee's consent is the most important thing. Simply imposing the concept of job rotation on them would result in a nightmare.

Do not take decisions on your own. Employees need to be involved in the process and let them also decide and understand as to how job rotation will help them upgrade their skills and also increase their productivity. You really do not need to push too hard if employees on their own understand the benefits and importance of job rotation.

Once individuals are okay with the process of job rotation, the next most important thing is to decide which all employees would be eligible for the same. Work would suffer if all the employees are sent for job rotation. As a superior, one needs to know his team members well and who all actually deserve to be a part of this process and would be able to do justice in a new role and also learn from the same. Introverts who are just bothered with their own work and nothing else would be a wrong choice for job rotation. Hand-pick personally and very carefully individuals who deserve to be groomed further. Remember, the effectiveness of a process is at question if it does not earn revenues for the organization or increase the productivity of employees and the same applies to job rotation as well.

Do not simply send the employees to any department you feel like. **Find out whether the individual concerned is actually interested to work in a particular department or not? Discuss with the employee at every step.** Make sure the other person does not face any problem working in a new team. Analyze as to how this new initiative would not only benefit individuals in their respective careers but also the organization. As a superior, if you are sending one of your team members to try his skills in a new domain, it is your responsibility to formally introduce the employee to the members of the new department.

In job rotation, employees are expected to learn and upgrade their skills and not create miracles. Do not expect people to yield results overnight. Trust me, there is no magical wand. You also need to guide them at every step. Find out if they are enjoying the same and actually learning anything or not? Do not be after their life if they are not be able to perform in a new process. After all that is not their expertise. Counseling is essential at every step.

Make sure you share honest and correct feedbacks with the employee concerned. If at all the other person is not enjoying, try to convince once, else call him/her back.

Employees ought not to be asked to work beyond their regular work for a very long time. In such a case, they lose interest in organization. The duration can be anything between three to maximum six months and not beyond that. Do not forget to take the feedback of employees once they are done with the process of job rotation. Ask them to share their experiences with their fellow workers. Do not forget to appreciate them for their initiative.

## Job Enrichment - Meaning and its Benefits

Organizations are increasingly facing the heat of attrition, which is not good to health of the same. Lots of time, money and resources are spent into training an individual for a particular job and when he / she leaves the return on that investment equals null. Often it is not for the money that people leave; that may be the reason with the frontline staff but as we move towards the upper levels of organisational hierarchy, other reasons gain prominence. Many of those who quit their jobs complain of their jobs as uninteresting!

All this has compelled organisations to think of ways to make the job they offer interesting. Lots of efforts are made to keep monotony at bay; job enrichment is one of them. It is the process of making a job more interesting, challenging and satisfying for the employees. It can either be in the form of up gradation of responsibilities, increase in the range of influence and the challenges.

### How does an Organisation Enrich a Job

**Typically job enrichment involves combining various existing and new tasks into one large module of work.** The work is then handed over to an employee, which means there is an increase in responsibilities and scope. This increase in responsibility is often vertical. The idea is to group various tasks together such that natural work units are created.

In addition expanding jobs vertically also gives employee direct control over works units and employees that were formerly under the jurisdiction of top management only. While on one hand this increases the ownership of the employees in their work, it also relieves the unnecessary burden from the top management.

Job enrichment also opens up a feedback channel for the employees. Employees are frequently apprised of their performance. This keeps them on track and helps them know their weak and strong points. Performance standards are set for the employees themselves and future performances are matched against the benchmarks. All this without any serious intervention or involvement of the top management!

In a certain bank that dealt with commercial credit letters for import and export trade, the employees processed the documents in a sequence with each employee being

specialised for certain aspect of verification. Often it so happened that a mistake at preceding level lead to a series of mistakes at succeeding level. Errors accumulated at each level and this result in huge loss of productivity.

The organisation decided to go for job enrichment where each employee or clerk was specialised in all aspects of processing. Each employee was now able to handle a client on his own. After some time it was found out that the transaction volume increased by 100 percent!

### **Benefits of Job Enrichment**

Research studies on job enrichment found out decreased levels of absenteeism among the employees, reduced employee turnover and a manifold increase in job satisfaction. There are certain cases however where job enrichment can lead to a decrease in productivity, especially when the employees have not been trained properly. Even after the training the process may not show results immediately, it takes time to reflect in the profit line.

## **Job Enlargement - Meaning and its Benefits to the Organization**

Job enlargement is a job design technique wherein there is an increase in the number of tasks associated with a certain job. In other words, it means increasing the scope of one's duties and responsibilities. The increase in scope is quantitative in nature and not qualitative and at the same level.

Job enlargement is a horizontal restructuring method that aims at increase in the workforce flexibility and at the same time reducing monotony that may creep up over a period of time. It is also known as horizontal loading in that the responsibilities increase at the same level and not vertically.

Many believe that since the enlargement is horizontal in nature there is not a great need for training! Contrary to this, job enlargement requires appropriate training especially on time and people management. Task related training is not required much since the person is already aware of the same or doing it for some time.

### **Benefits of Job Enlargement**

The following are the major benefits of Job enlargement

1. **Reduced Monotony:** Howsoever interesting the job may appear in the beginning, sooner or later people complain of boredom and monotony. Job enlargement if planned carefully can help reduce boredom and make it more satisfying and fulfilling for the employees.
2. **Increased Work Flexibility:** There is an addition to the number of tasks an individual performs. There is thus an increased scope of carrying out tasks that are versatile and yet very similar in certain aspects.

3. **No Skills Training Required:** Since the individual has already been performing the task in the past, there is no great requirement for imparting of new skills. However people and time management interventions may be required. The job thus gets more motivational for the one performing it.

### **Job Enrichment and Job Enlargement**

1. The difference between job enrichment and job enlargement is essentially of quantity and quality. Whereas job enlargement means increasing the scope of job quantitatively by adding up more tasks, job enrichment means improvement in the quality of job such that employees are more satisfied and fulfilled.
2. Through job enrichment an employee finds satisfaction and contentment in his job and through job enlargement employee feels more responsible and worthwhile in the organization.
3. Job enrichment entails the functions of planning and organizing and enlargement involves execution of the same. Both complement each other, in that job enrichment empowers and enlargement executes.
4. Job enrichment depends upon job enlargement for success and the reverse is not true.
5. Job enrichment means a vertical expansion in duties and responsibilities and span of control whereas in job enlargement the expansion is horizontal in nature.

Job enrichment has been found to have greater impact in terms of motivation when compared to job enlargement. Since enrichment gives employee greater insights in managerial functioning and a better work profile, it is looked upon as an indicator of growth and development. The same is not true in case of job enlargement which is seen as an employer tactic to increase the workload.

## **Job Satisfaction: Meaning, Definition, Importance, Factors, Effects and Theories**

*Everything you need to know about job satisfaction. Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is not the self-satisfaction, happiness or self-contentment but the satisfaction on the job.*

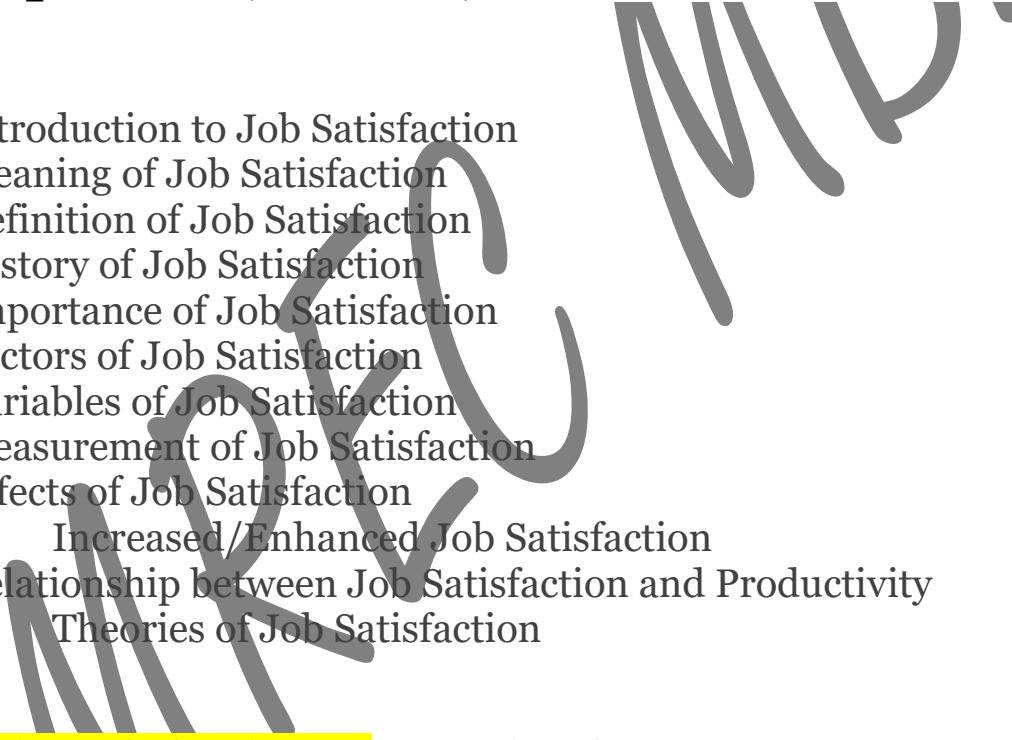
*Job satisfaction relates to the total relationship between an individual and the employer for which he is paid.*

*Satisfaction means the simple feeling of attainment of any goal or objective. Job dissatisfaction brings an absence of motivation at work*

*Lofquist and Davis (1991), defined job satisfaction as “an individual’s positive affective reaction of the target environment as a result of the individual’s appraisal of the extent to which his or her needs are fulfilled by the environment”.*

Learn about:- 1. Introduction to Job Satisfaction 2. Meaning of Job Satisfaction 3. Definition 4. History 5. Importance 6. Factors 7. Variables 8. Measurement 9. Effects 10. Increased/Enhanced Job Satisfaction 11. Relationship 12. Theories.

## **Job Satisfaction: Meaning, Definition, Importance, Factors, Effects and Theories**

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1. Introduction to Job Satisfaction
  2. Meaning of Job Satisfaction
  3. Definition of Job Satisfaction
  4. History of Job Satisfaction
  5. Importance of Job Satisfaction
  6. Factors of Job Satisfaction
  7. Variables of Job Satisfaction
  8. Measurement of Job Satisfaction
  9. Effects of Job Satisfaction
  10. Increased/Enhanced Job Satisfaction
  11. Relationship between Job Satisfaction and Productivity
  12. Theories of Job Satisfaction

### **Job Satisfaction – Introduction**

Siegal and Lance (1987) stated that ‘job satisfaction is an emotional response defining the degree to which people like their job.’ Work is a central part of almost everyone’s life. Adults devote almost all of their waking time to work as career development makes up almost 70% of all human developmental tasks. Hence it is important that the employees feel a sense of satisfaction with their job or else it might lead to frustration, anger and in some cases even depression.

Perceived satisfaction on the job is reflected by the needs of sense of fulfilment and expectation for the job to be interesting, challenging and personally satisfying. Job satisfaction is also an achievement indicator in career developmental tasks.

There are numerous studies on job satisfaction, and the results are often valued for both humanistic and financial benefits. When employees are satisfied, they tend to care more about the quality of their work, they are more committed to the organization, they have higher retention rates, and they are generally more productive.

The present times are very competitive and hence there is a lot of pressure for each organization to be the best for this reason, organizations now demand for the better job outcomes. In fact, modern times have been called as the “age of anxiety and stress”.

This pressure to perform at their best at all times creates a lot of stress to the employees, known as job stress. Job stress can reduce productivity, increase mistakes and accidents at work, encourage absenteeism, lower morale, increase conflict with others and cause physical and emotional problems. High levels of work stress are associated with low levels of job satisfaction. A low level of job satisfaction ultimately leads to poor life satisfaction.

### **Job Satisfaction – Meaning**

Job satisfaction refers to a person's feeling of satisfaction on the job, which acts as a motivation to work. It is not the self-satisfaction, happiness or self-contentment but the satisfaction on the job.

Job satisfaction relates to the total relationship between an individual and the employer for which he is paid. Satisfaction means the simple feeling of attainment of any goal or objective. Job dissatisfaction brings an absence of motivation at work.

Research workers differently describe the factors contributing to job satisfaction and job dissatisfaction. Hoppock describes job satisfaction as, “any combination of psychological, physiological and

environmental circumstances that cause a person truthfully to say I am satisfied with my job.”

Job satisfaction is defined as the, “pleasurable emotional state resulting from the appraisal of one’s job as achieving or facilitating the achievement of one’s job values.” In contrast job dissatisfaction is defined as “the unpleasurable emotional state resulting from the appraisal of one’s job as frustrating or blocking the attainment of one’s job values or as entailing disvalues.” However, both satisfaction and dissatisfaction were seen as, “a function of the perceived relationship between what one perceives it as offering or entailing.”



### **Job Satisfaction – Definition by Eminent Authors**

Hoppock offered one of the earliest definitions of job satisfaction when he described the construct as being any number of psychological, physiological, and environmental circumstances which leads a person to express satisfaction with their job. Smith et al. (1969) defined job satisfaction as the feeling an individual has about his or her job. Locke (1969) suggested that job satisfaction was a positive or pleasurable reaction resulting from the appraisal of one’s job, job achievement, or job experiences.

Vroom (1982) defined job satisfaction as workers’ emotional orientation toward their current job roles. Similarly, Schultz (1982) stated that job satisfaction is essentially the psychological disposition of people toward their work.

Finally, Lofquist and Davis (1991), defined job satisfaction as “an individual’s positive affective reaction of the target environment as a result of the individual’s appraisal of the extent to which his or her needs are fulfilled by the environment”.

The definition of job satisfaction has visibly evolved through the decades, but most versions share the belief that job satisfaction is a work-related positive affective reaction.

There seems to be less consistency when talking about the causes of job satisfaction. Wexley and Yukl (1984) stated that job satisfaction is influenced by many factors, including personal traits and characteristics of the job. To better understand these employee and

job characteristics and their relationship to job satisfaction, various theories have emerged.

Early traditional theories suggested that a single bipolar continuum, with satisfaction on one end and dissatisfaction on the other, could be used to conceptualize job satisfaction. Later revisions of the theory included a two-continuum model that placed job satisfaction on the first scale, and job dissatisfaction on the second.

These later theories focused more on the presence or absence of certain intrinsic and extrinsic job factors that could determine one's satisfaction level. Intrinsic factors are based on personal perceptions and internal feelings, and include factors such as recognition, advancement, and responsibility. These factors have been strongly linked to job satisfaction according to O'Driscoll and Randall (1999). Extrinsic factors are external job related variables that would include salary, supervision, and working conditions. These extrinsic factors have also been found to have a significant influence on job satisfaction levels according to Martin and Schinke (1998).

## **Job Satisfaction – History**

One of the biggest preludes to the study of job satisfaction was the Hawthorne studies. These studies (1924-1933), primarily credited to Elton Mayo of the Harvard Business School, sought to find the effects of various conditions (most notably illumination) on workers' productivity. These studies ultimately showed that novel changes in work conditions temporarily increase productivity (called the Hawthorne Effect).

It was later found that this increase resulted, not from the new conditions, but from the knowledge of being observed. This finding provided strong evidence that people work for purposes other than pay, which paved the way for researchers to investigate other factors in job satisfaction.

Scientific management (as known as Taylorism) also had a significant impact on the study of job satisfaction. Frederick Winslow Taylor's 1911 book, *Principles of Scientific Management*, argued that there was a single best way to perform any given work task. It contributed to a

change in industrial production philosophies, causing a shift from skilled labor and piecework towards the more modern approach of assembly lines and hourly wages.

The initial use of scientific management by industries greatly increased productivity because workers were forced to work at a faster pace. However, workers became exhausted and dissatisfied, thus leaving researchers with new questions to answer regarding job satisfaction. It should also be noted that the work of W.L. Bryan, Walter Dill Scott and Hugo Munsterberg set the tone for Taylor's work.

Some argue that Maslow's hierarchy of needs theory, a motivation theory, laid the foundation for job satisfaction theory. This theory explains that people seek to satisfy five specific needs in life- physiological needs, safety needs, social needs, self-esteem needs and self-actualization. This model served as a good basis from which early researchers could develop job satisfaction theories.

Job satisfaction can also be seen within the broader context of the range of issues which affect an individual's experience of work, or their quality of working life. Job satisfaction can be understood in terms of its relationships with other key factors, such as general well-being, stress at work, control at work, home-work interface and working conditions.

## **Job Satisfaction – Importance**

Job satisfaction is a frequently studied subject in work and organizational literature. This is mainly due to the fact that many experts believe that job satisfaction trends can affect labour market behaviour and influence work productivity, work effort, employee absenteeism and staff turnover. Moreover, job satisfaction is considered a strong predictor of overall individual well-being, as well as a good predictor of intentions or decisions of employees to leave a job.

Job satisfaction is also important in everyday life. Organizations have significant effects on the people who work for them and some of those effects are reflected in how people feel about their work. This makes

job satisfaction an issue of substantial importance for both employers and employees.

As many studies suggest, employers benefit from satisfied employees as they are more likely to profit from lower staff turnover and higher productivity if their employees experience a high level of job satisfaction. However, employees should also 'be happy in their work, given the amount of time they have to devote to it throughout their working lives'.



## **Job Satisfaction – 3 Main Factors: Personal Factors, Factors Inherent in the Job and Factors Controlled by the Management**

**Job satisfaction refers to a general attitude which an employee retains on account of many specific attitudes in the following areas:**

There are different factors on which job satisfaction depends.

**Important among them are discussed hereunder:**

### **(i) Personal Factors:**

They include workers' sex, education, age, marital status and their personal characteristics, family background, socio-economic background and the like.

### **(ii) Factors Inherent in the Job:**

These factors have recently been studied and found to be important in the selection of employees. Instead of being guided by their co-workers and supervisors, the skilled workers would rather like to be guided by their own inclination to choose jobs in consideration of 'what they have to do'. These factors include- the work itself, conditions, influence of internal and external environment on the job which are uncontrolled by the management, etc.

### **(iii) Factors Controlled by the Management:**

The nature of supervision, job security, kind of work group, and wage rate, promotional opportunities, and transfer policy, duration of work and sense of responsibilities are factors controlled by management. All

these factors greatly influence the workers. These factors motivate the workers and provide a sense of job satisfaction.

Though performance and job satisfaction are influenced by different set of factors, these two can be related if management links rewards to performance. It is viewed that job satisfaction is a consequence of performance rather than a cause of it.

Satisfaction strongly influences the productive efficiency of an organisation whereas absenteeism, employee turnover, alcoholism, irresponsibility, non- commitment are the result of job dissatisfaction. However, job satisfaction or dissatisfaction forms opinions about the job and the organisation which result in boosting up employee morale.



## **Job Satisfaction – Top 3 Theories: Content, Process and Situational Theories**

There are numerous theories attempting to explain job satisfaction, but three conceptual frameworks seem to be more prominent.

The first is content theory, which suggests that job satisfaction occurs when one's need for growth and self-actualization are met by the individual's job. The second conceptual framework is often referred to as process theory, which attempts to explain job satisfaction by looking at how well the job meets one's expectations and values. The third conceptual group includes situational theories, which proposes that job satisfaction is a product of how well an individual's personal characteristics interact or mesh with the organizational characteristics.

### **1. Content Theories:**

The earliest content theory was Abraham Maslow's "hierarchy of needs". Maslow's (1954) traditionalist views of job satisfaction were based on his five-tier model of human needs. At the lowest tier, basic life sustaining needs such as water, food, and shelter were identified. The next level consisted of physical and financial security, while the third tier included needs of social acceptance, belonging, and love. The fourth tier incorporated self-esteem needs and recognition by one's peers and at the top of the pyramid was reserved for self-

actualization needs such as personal autonomy and self-direction. According to Maslow, the needs of an individual exist in a logical order and that the basic lower level needs must be satisfied before those at higher levels. Then, once the basic needs are fulfilled, they no longer serve as motivators for the individual.

The more a job allows for growth and acquisition of higher level needs, the more likely the individual is to report satisfaction with his or her job. Furthermore, the success of motivating people depends on recognizing the needs that are unsatisfied and helping the individual to meet those needs.

Building on the theories of Maslow, Frederick Hertzberg (1974) suggested that the work itself could serve as a principal source of job satisfaction. His approach led to the two- continuum model of job satisfaction where job satisfaction was placed on one continuum and job dissatisfaction was placed on a second. Hertzberg's theory recognized that work characteristics generated by dissatisfaction were quite different from those created by satisfaction.

He identified the factors that contribute to each dimension as "motivators" and "hygiene". The motivators are intrinsic factors that influence satisfaction based on fulfillment of higher level needs such as achievement, recognition, and opportunity for growth. The hygiene factors are extrinsic variables that such as work conditions, pay, and interpersonal relationships that must be met to prevent dissatisfaction. When hygiene factors are poor, work will be dissatisfying.

However, simply removing the poor hygiene does not equate to satisfaction. Similarly, when people are satisfied with their job, motivators are present, but removing the motivators does not automatically lead to dissatisfaction. Essentially, job satisfaction depends on the extrinsic characteristics of the job, in relation to the job's ability to fulfill ones higher level needs of self-actualization. Hence the two continuum model of Hertzberg's Motivator-Hygiene theory.

## **2. Process Theories:**

Process theories attempt to explain job satisfaction by looking at expectancies and values. This theory of job satisfaction suggests that workers' select their behaviours in order to meet their needs. Within this framework, Adams' (1963) and Vroom (1982) have become the most prominent theorists. J. Stacy Adams' suggested that people perceive their job as a series of inputs and outcomes.

Inputs are factors such as experience, ability, and effort, while outcomes include things like salary, recognition, and opportunity. The theory is based on the premise that job satisfaction is a direct result of individuals' perceptions of how fairly they are treated in comparison to others. This "equity theory" proposes that people seek social equity in the rewards they expect for performance. In other words, people feel satisfied at work when the input or contribution to a job and the resulting outcome are commensurate to that of their co-workers.

According to Milkovich and Newman (1990), this social equity is not limited to others within the same workplace, and the equity comparisons often reach into other organizations that are viewed as similar places of employment.

Vroom's (1964) theory of job satisfaction was similar in that it looked at the interaction between personal and workplace variables; however, he also incorporated the element of workers' expectations into his theory. The essence of this theory is that if workers put forth more effort and perform better at work, then they will be compensated accordingly. Discrepancies that occur between expected compensation and actual outcome lead to dissatisfaction.

If employees receive less than they expect or otherwise feel as if they have been treated unfairly, then dissatisfaction may occur. Conversely, overcompensation may also lead to dissatisfaction and the employee may experience feelings of guilt. The compensation does not have to be monetary, but pay is typically the most visible and most easily modified element of outcome. Salary also has significance beyond monetary value and the potential to acquire material items, and Gruenberg (1979) notes that it is also an indication of personal achievement, organizational status, and recognition.

Vroom's theory also goes one step further to incorporate an individual's personal decision making within the work-place. Vroom (1982) explained that employees would choose to do or not do job tasks based on their perceived ability to carry out the task and earn fair compensation. To illustrate and clarify his ideas, Vroom generated a three-variable equation for scientifically determining job satisfaction.

Expectancy is the first variable, and this is the individual's perception of how well he or she can carry out the given task. Instrumentality is the second variable of the equation, and this refers to the individual's confidence that he or she will be compensated fairly for performing the task. Valence is the third variable, which considers the value of the expected reward to the employee.

In Vroom's formula each variable is given a probability value, and when all three factors are high, workers will be more satisfied and have more motivation. If any of the factors are low, work performance and employee motivation will decline.

### ***3. Situational Theories:***

The situational occurrences theory emerged in 1992, when Quarstein, McAfee, and Glassman stated that job satisfaction is determined by two factors: situational characteristics and situational occurrences. Situational characteristics are things such as pay, supervision, working conditions, promotional opportunities, and company policies that typically are considered by the employee before accepting the job. The situational occurrences are things that occur after taking a job that may be tangible or intangible, positive or negative. Positive occurrences might include extra vacation time, while negative occurrences might entail faulty equipment or strained co-worker relationships. Within this theoretical framework, job satisfaction is a product of both situational factors and situational occurrences.

## **HUMAN RESOURCE PLANNING**

Human resources undoubtedly play the most important part in the functioning of an organization. The term ‘resource’ or ‘human resource’ signifies potentials, abilities, capacities, and skills, which can be developed through continuous interaction in an organizational setting.

The interactions, interrelationships, and activities performed all contribute in some way or other to the development of human potential. Organizational productivity, growth of companies, and economic development are to a large extent contingent upon the effective utilization of human capacities.

Hence, it is essential for an organization to take steps for effective utilization of these resources. In the various stages in the growth of an organization, effective planning of human resources plays a key role. Matching the requirements of the job with the individual is important at all stages, including the recruitment procedures, in this endeavour. When organizations contemplate diversification or expansion, or when employees have to be promoted, human resource planning plays an important role. Further, the organizational plans, goals, and strategies also require effective human resource planning.

### **HUMAN RESOURCE PLANNING- MEANING**

E.W. Vetter viewed human resource planning as “a process by which an organisation should move from its current manpower position to its desired manpower position. Through planning, management strives to have the right number and right kind of people at the right places at the right time, doing things which result in both the organisation and the individual receiving maximum long-run benefit.” According to Leon C. Megginson human resource planning is “an integrated approach to performing the planning aspects of the personnel function in order to have a sufficient supply of adequately developed and motivated people to perform the duties and tasks required to meet organisational objectives and satisfy the individual needs and goals of organisational members.”

Human resource planning may be viewed as foreseeing the human resource requirements of an organisation and the future supply of human resources and- (i) making necessary adjustments between these two and organisational plans; and (ii) foreseeing the possibility of developing the supply of human resources in order to match it with requirements by introducing necessary changes in the functions of human resource management. In this definition, human resource means skill, knowledge, values, ability, commitment, motivation, etc., in addition to the number/of employees.

Human resource planning (HRP) is the first step in the HRM process. HRP is the process by which an organization ensures that it has the right number and kind of people, at the right place, at the right time, capable of effectively and efficiently completing those tasks that will help the organization achieve its overall objectives.

HRP translates the organization's objectives and plans into the number of workers needed to meet those objectives. The actual HRM process starts with the estimation of the number and kind of people required by the organization for the coming period.

HRP is also known by other names such as 'Manpower Planning', 'Employment Planning', 'Labour Planning', 'Personnel Planning', etc. HRP is a sub-system in the total organizational planning. In other words, HRP is derived from the organizational planning just like production planning, sales planning, material planning, etc.

### **Human Resource Planning – Definition:**

The organisation's objectives and strategies for the future determine future requirement of human resources. It only means that the number and mix of human resources are reaction to the overall organisational strategy. If the intent is to get closer to people possessing requisite qualifications, the organisation should act quickly.

Human Resource Planning or Manpower Planning (HRP) is the process of systematically reviewing HR requirements to ensure that the required number of employees with the required skills is available

when they are needed. Getting the right number of qualified people into the right job is the crux of the problem here.

In actual practice, this is not easy. Due to constant changes in labour market conditions, qualified people possessing relevant qualifications are not readily available. The organisation needs to go that extra mile, dig up every source of information and exploit every opportunity that comes its way in order to identify talent.

HRP is simply not a process of matching the supply of people (existing employees and those to be hired or searched for) with openings the organisation expects over a given timeframe. It goes a step further in order to reach out to right kind of people at right time, spending time, resources and energies. Without careful planning, advance thinking and prompt actions, it is next to impossible to get competent and talented people into the organisation.

Human resource planning is the responsibility of both the line and the staff manager. The line manager is responsible for estimating manpower requirements. For this purpose, he provides the necessary information on the basis of the estimates of the operating levels. The staff manager provides the supplementary information in the form of records and estimates.

## HUMAN RESOURCE PLANNING -IMPORTANCE

### **I. Assessing Future Personnel Needs:**

Whether it is surplus labour or labour shortage, it gives a picture of defective planning or absence of planning in an organization. A number of organizations, especially public sector units (PSUs) in India are facing the problem of surplus labour.

It is the result of surplus labour that the companies later on offer schemes like Voluntary Retirement Scheme (VRS) to eliminate surplus staff. Thus, it is better to plan well about employees in advance.

Through HRP, one can ensure the employment of proper number and type of personnel.

## **II. Foundation for Other HRM Functions:**

HRP is the first step in all HRM functions. So, HRP provides the essential information needed for the other HRM functions like recruitment, selection, training and development, promotion, etc.

## **III. Coping with Change:**

Changes in the business environment like competition, technology, government guidelines, global market, etc. bring changes in the nature of the job. This means changes in the demand of personnel, content of job, qualification and experience needed. HRP helps the organization in adjusting to new changes.

## **IV. Investment Perspective:**

As a result of change in the mindset of management, investment in human resources is viewed as a better concept in the long run success of the enterprise. Human assets can increase in value as opposed to physical assets. Thus, HRP is considered important for the proper planning of future employees.

## **V. Expansion and Diversification Plans:**

During the expansion and diversification drives, more employees at various levels are needed. Through proper HRP, an organization comes to know about the exact requirement of personnel in future plans.

## **VI. Employee Turnover:**

Every organization suffers from the small turnover of labour, sometime or the other. This is high among young graduates in the private sector. This necessitates again doing manpower planning for further recruiting and hiring.

## **VII. Conformity with Government Guidelines:**

In order to protect the weaker sections of the society, the Indian Government has prescribed some norms for organizations to follow. For example, reservations for SC/ST, BC, physically handicapped, ex-servicemen, etc. in the jobs. While planning for fresh candidates, HR manager takes into consideration all the Government guidelines.

## **VIII. International Expansion Strategies:**

International expansion strategies of an organization depend upon HRP. Under International Human Resource Management (IHRM), HRP becomes more challenging. An organization may want to fill the foreign subsidiary's key positions from its home country employees or from host-country or from a third country. All this demands very effective HRP.

## **IX. Having Highly Talented Manpower Inventory:**

Due to changing business environment, jobs have become more challenging and there is an increasing need for dynamic and ambitious employees to fill the positions. Efficient HRP is needed for attracting and retaining well qualified, highly skilled and talented employees.

## **Human Resource Planning – Organisation:**

Every line manager is responsible for planning manpower of the respective department and the top management is responsible for the planning of resources for the entire organisation. The personnel department supplies relevant information and data to all the line managers and helps those regarding interdepartmental transfers, promotions, demotions etc. Personnel department also helps in using the techniques and forecasting the manpower.

Personnel department forecasts internal mobility surplus or deficit of human resources for the entire organisation, prepares action plans regarding redeployment, redundancy, employment, development and internal mobility and submits plans to the management at the top which either by its own or by appointing a committee reviews departmental plans and overall plans, make necessary adjustments

and finalises the plans. Personnel department in its turn prepares modified plans for the departments based on finalised overall plan and communicates them to respective heads of department.

Personnel department may co-ordinate the control activity of human resource plan and it has to send coordinated reports to the management at the top for actual review, control and monitor the human resource system. The management at the top may appoint a committee consisting of heads of department and external identification of deviations, reasons thereof and steps to be taken to correct the deviations. The committee further helps the management in executing the programmes of corrections.

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### **Human Resource Plan – Factors:**

Several factors affect HRP. These factors can be classified into external factors and internal factors.

#### **External Factors:**

- i. Government Policies – Policies of the government like labour policy, industrial relations policy, policy towards reserving certain jobs for different communities and sons-of the soil, etc. affect the HRP.
- ii. Level of Economic Development – Level of economic development determines the level of HRD in the country and thereby the supply of human resources in the future in the country.
- iii. Business Environment – External business environmental factors influence the volume and mix of production and thereby the future demand for human resources.
- iv. Level of Technology – Level of technology determines the kind of human resources required.
- v. International Factors – International factors like the demand for resources and supply of human resources in various countries.
- vi. Outsourcing – Availability of outsourcing facilities with required skills and knowledge of people reduces the dependency on HRP and vice-versa.

#### **Internal Factors:**

- i. Company policies and strategies – Company policies and strategies relating to expansion, diversification, alliances, etc. determines the human resource demand in terms of quality and quantity.
- ii. Human resource policies – Human resources policies of the company regarding quality of human resource, compensation level, quality of work-life, etc., influences human resource plan.
- iii. Job analysis – Fundamentally, human resource plan is based on job analysis. Job description and job specification determines the kind of employees required.
- iv. Time horizons – Companies with stable competitive environment can plan for the long run whereas the firms with unstable competitive environment can plan for only short- term range.
- v. Type and quality of information – Any planning process needs qualitative and accurate information. This is more so with human resource plan; strategic, organisational and specific information.
- vi. Company's production operations policy – Company's policy regarding how much to produce and how much to buy from outside to prepare a final product influence the number and kind of people required.
- vii. Trade unions – Influence of trade unions regarding number of working hours per week, recruitment sources, etc., affect the HRP.

## RECRUITMENT PROCESS:

Recruitment and Selection is not only a basic but as well a crucial activity of Human Resource Management and it also is the main approach to recommend talents into companies and organizations. Under the context of increased global competition, high-level individuals are the crucial factor for the survival and development of enterprises and organizations. So as an eligible manager, how to decide on which approach towards recruitment and selection is most appropriate for their organization gets important increasingly.

Recruitment and selection process is concerned with identifying, attracting and choosing suitable person to meet organisations human resource requirements. (Anderson, 2001), it also can be explained like Watson said: "Recruitment and selection are conceived as the processes by which organizations solicit, contract and interest

potential appointees, and then establish whether it would be appropriate to appoint any of them" (Watson, 1994)

From those explanations, it is not difficult to conclude that hiring the right person in the right place at the right time is crucial to organizational performance. In other words, 'fit' is the basic factor the HR manager should be concerned. 'Fit' got more mature from traditional psychometric view to social exchange model. In traditional psychometric view of recruitment and selection, "'fit' is assumed between personal characteristics of the individual and the technical demands of the particular job" (Stephen Bach, 2005). But in the social exchange model, "'fit' relates to the matching of expectations and needs of the individual with the values, climate and goals of the organization" (Stephen Bach, 2005).

Recruitment and selection are the two different stages in HR management theoretically. Recruitment "searching for and obtaining potential job candidates in sufficient numbers and quality so that the organization can select the most appropriate people to fill its job needs" (Dowling and Schuler, 1990). And selection is the next stage in employment cycle. It is the process to predict which candidates is qualifiedand good to the development of to the organization.

So after understanding the context and identifications of recruitment and selection, to make sense about the processes of recruitment and selection is the first stage for the HR manager's decision-making.

## The Process of Recruitment and Selection

### Recruitment Process

In the recruitment process, job analysis is the first stage within the organizations. It is very important to gather data about the whole situation of organization positions' nature and structure. The principle to check whether the structure is eligibility is the 'fit'. Is the job fit this person or is that person fit the organization? How about the employee performance and records? The answers of those questions should be found out within the job analysis.

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Considering the reports form colleagues is another approach within the job analysis. So

those three aspects underlay job analysis in the first stage of recruitment in organizations.

Next stage is job description, person specification. Firstly, the function of job description gives the applicants or recruitment agencies an orientation about the organizations' needs. Once the applicants and recruitment agencies knew the orientation, the staff will design the employment contracts and begin to prepare the selection techniques to ensure next stage's normal operation. And the other benefit of job description for the recruitment process is to provide the applicants a fairly condition without the recruiters' subjective bias.

The person specification is a vital criterion should be concerned within the process of selection. Specification includes several details following Rodger's seven-point plan: physical make up, attainments, general intelligence, special aptitudes, interests, disposition and circumstances. Those seven point is always be used in modern selection process, but the weakness is over rigidity, so increasingly organizations based on a set of competency as the crucial factor for person specification. This part will be explained in the following session.

## Attracting and managing application (recruitment)

Once the job analysis phase is finished and job description and person specification are identified, the next stage is to consider how to attract people who meet the requirement and to manage application. There are two methods to be chosen: one is internal method, the other one is external method.

Internal methods meaning that pay more attention to the internal talent pool within the organization when recruiting. This method provides opportunities for development and career progression increases employee engagement and retention and supports succession planning (online, 2009). This methods bring several advantages to the organization. Firstly, using this method could economize time and cost of money and labor. Because the practice of recruitment takes place within the organization, the recruits already know some context of organization's culture and the responsibility of the job so the briefing and training before starting work would be reduced or cancelled. In addition, the cost of advertisement and recruitment consultancy fees could be avoided as well, so that is why it saves time and cost. Secondly, providing opportunity to existing employees could embrace them to obtain better performance and get more motivation when doing task. So using the internal recruitment methods could develop the organization's own internal talents pool and then realize the win-win situation (employee-organization), sequentially causes the long-term stable development of an organization. It also has disadvantages by using this method. It is unfair to the applicants

outside. Internal recruitment is therefore less common in the public sector, where concerns about discrimination tend to be a higher priority than in the private sector (Harris 2000). In addition, recruit person without outside could make the organization become obturation and stagnancy without now ideas and innovation' coming. Because new person could bring the now thought to make organization's change, and change means development.

## Selection Process

In the selection phase, there are three basic principles included: reliability, validity and usefulness (Stephen Bach, 2005). The reliability also takes place in 'testee' and 'tester'. 'testee' reliability means that the value of selection method should be a consistency over time. In other words, if a selection methods test a person is a passionate person, than the same result should be generated over time. 'tester' reliability means that the purpose of any selection method should have a well targeted and the principle of this well-targeted method should be reliable. The same logic as 'testee' reliability has. The criterion-related validity is the main type of validity and usefulness. This evidence is helpful to organizations since it clearly indicates that some selections methods have higher validity than others and that it is desirable to try and validate the selection methods used systematically within a given organizational context, rather than rely on intuition or secondary data. Unfortunately, the evidence also suggests that those methods with the highest validity are not the most popular. Rather, most organizations rely on the classic trio of short-listing, interviewing and references (Cook 2003; Millmore 2003).

Two main selection methods by selection candidates, there are shortlisting and assessing applicants whether they should be offered a job.

A variety of methods can be used to make selection decisions, but the first thing to note is that the interview remains the most common method, often used alone, although increasingly combined with additional methods (Shackleton and Newell 1991)

## Recruitment and Selection

Recruitment and Selection is not only a basic but as well a crucial activity of Human Resource Management and it also is the main approach to recommend talents into companies and organizations. Under the context of increased global competition, high-level individuals are the crucial factor for the survival and development of enterprises and organizations. So as an eligible manager, how to decide on which approach towards recruitment and selection is most appropriate for their organization gets important increasingly.

This assignment will argue about the necessary principles which recruitment and selection process should have and what key points should be focused on by HR managers. Furthermore, several suggestions and measures could be provided to the HR manager in order to decide on which approach is most appropriate for their organizations.

## Context of recruitment and selection

Recruitment and selection process is concerned with identifying, attracting and choosing suitable person to meet organisations human resource requirements. (Anderson, 2001), it also can be explained like Watson said: "Recruitment and selection are conceived as the processes by which organizations solicit, contract and interest potential appointees, and then establish whether it would be appropriate to appoint any of them" (Watson, 1994)

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## 'soft' HRM approach

If an organization considers expanding the dimension of organization or the internal recruitment failed, the external method could be operated effectively. The external method means that recruit individuals from outside. The merit and demerit of external method is the contrary side of the merit and demerit of internal method. There are several options available for external recruitment. To attract more individuals and increase the applicants pool, external assistance, such as job centers, 'head-hunters', employment agencies, professional bodies, career service, always be used. There are a number of corporation uses formal personal contacts to attract individuals, such as career fairs, open days and leaflet drops. Notice board, accessible by current staff or the general public, to be used by recruitment; the advertisement, including local and national press, specialist publications, radio and TV and the Internet, published by organizations as well. As calculating by CIPD, the proportion of UK organization used advertisement in local press occupied 84%, the proportion of using specialist journals

and trade press and using corporate website occupied 73% and 72% separated (CIPD, 2003). What I want to emphasize is that the Internet recruitment becoming increasingly popular in modern society. It is more convenient than the traditional recruitment. Effective recruitment is crucial to organizational success (Barber 1988). Time-consuming is the obvious advantage by using Internet to recruit individuals. All the individuals' information, company' introduction and job details are on the Internet together. It is convenient for the individuals and companies to collect data what meets their demand. And the online application forms or the CV are managed in an effective way in order to the operation of next stage- selection.

## Selection Process

In the selection phase, there are three basic principles included: reliability, validity and usefulness (Stephen Bach, 2005). The reliability also takes place in 'testee' and 'tester'. 'testee' reliability means that the value of selection method should be a consistency over time. In other words, if a selection methods test a person is a passionate person, than the same result should be generated over time. 'tester' reliability means that the purpose of any selection method should have a well targeted and the principle of this well-targeted method should be reliable. The same logic as 'testee' reliability has. The criterion-related validity is the main type of validity and usefulness. This evidence is helpful to organizations since it clearly indicates that some selections methods have higher validity than others and that it is desirable to try and validate the selection methods used systematically within a given organizational context, rather than rely on intuition or secondary data. Unfortunately, the evidence also suggests that those methods with the highest validity are not the most popular. Rather, most organizations rely on the classic trio of short-listing, interviewing and references (Cook 2003; Millmore 2003).

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**The obligation of shortlisting is to selection applicants' personal material by**

: shortlisting and assessing applicants to decide who should be offered a job.

Selection decisions should be made after using a range of tools appropriate to the time and resources available. Care should be taken to use techniques which are relevant to the job and the business objectives of the organisation. All tools used should be validated and constantly reviewed to ensure their fairness and reliability

## Making the appointment

## Joining the organization

Competency frameworks may be substituted for job or person specifications but these should include an indication of roles and responsibilities. See our factsheet on competence and competency frameworks for more information.

## SOURCES OF RECRUITMENT

**Definition:** Sources of [Recruitment](#) can be viewed as various means of connecting the job seekers to the organisation which have suitable job openings. In simple words, it serves as a medium for communicating or advertising the vacant positions in the organisation to get a response from the prospective candidates.

The recruiters have to be very careful while selecting any particular source of recruitment.

The selection of a specific source of recruitment depends upon the number of personnel to be recruited, the cost involved in each source, accessibility of the applicants, education level of employees to be hired, company's policy, etc.

The various sources of recruitment can be broadly divided into two types, which are explained in detail below:



Content: Sources of Recruitment



1. [Internal Sources](#)
2. [External Sources](#)
3. [Alternatives to Recruitment](#)
4. [Conclusion](#)



Internal Sources of Recruitment

Internal sources of recruitment refer to seeking the employees from within the organisation to fill up the vacant position. Many companies consider internal recruitment as a great option since it is cost-effective, and they tend to hire employees who have a better know how the organisation and its policies.

Internal recruitment can be done through the following means:

**Previous Applicants:** To fill up the immediate openings, calling up or emailing the candidates who have previously applied to the organisation is the cheapest and quickest source of recruitment.

**Present Employees:** The recruiter can exercise promotion (to a higher position) or transfer (inter-department or inter-branch transfer) of the current employees instead of recruiting the new employees.

**Employee Referrals:** Sometimes, the organisation hires the candidates referred by the existing employees assuming that such candidates are more trustworthy and reliable.

**Former Employees:** Some organisations provide for an option of re-joining to its ex-employees. They even consider the retired employees who are willing to give their full time or part-time services to the organisation.

#### Merits and Demerits of Internal Sources of Recruitment

The internal sources of recruitment are beneficial to the small-sized organisation dealing in the limited product line, which does not require much expertise. The organisation shouldn't be frequently exposed to technological changes.

Read below, to have a better understanding of the related benefits and



#### Merits of Internal Sources of Recruitment

Following are some of the plus points of internal sources of recruitment:

- Internal recruitment motivates employees to perform better and get promoted.
- Employees tend to have a long-term association and develop loyalty towards the organisation.

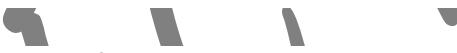
- These sources do not involve much cost and are based on internal advertisement and mouth to mouth publicity.
- It does not require much expertise and is a more straightforward process.
- The organisation can trust the workforce so recruited since they are pre-known to the company.
- It saves time spent on scrutinising of application and training and orientation later on.



## Demerits of Internal Sources of Recruitment

Although there are some drawbacks to internal recruitment too. These are discussed below:

- Internal recruitment makes it challenging to introduce new resources who think differently, to the organisation.
- Employees sometimes witness biasedness and partiality in promotion or transfer, which leads to dissatisfaction.
- It is not suitable for all types of job openings.
- It leads to conflicts when one employee is promoted, and the other is not.



## External Sources of Recruitment

External sources of recruitment signify the hiring of those employees who have never been associated with the organisation before.

The organisation needs to include new and fresh talent to become successful and to survive in the competition. Large organisations mostly depend on external sources of recruitment.

Following are the various external sources through which the organisation acquire new resources:

**Advertisements:** The organisation advertises the job openings in the newspaper, media, company's bulletin, social networking sites (Facebook, LinkedIn, Twitter), job portals, etc.

**Campus Recruitment:** The organisation collaborates with the educational institutes and colleges to hire their students for the available job vacancies, by conducting the recruitment process in the respective college campus.

**E-Recruitment:** The organisation uses the web-based software as a source of recruitment involving electronic screening of candidates, online skill test, online profile checks and interviews on video-conferencing.

**Employment Exchange:** The organisation gets itself registered with the employment exchange, i.e. a government-affiliated agency who have a database of many prospective candidates. These candidates register with such employment exchanges in search of better job opportunities.

**Outsourcing Consultancies:** Some private consultancies are professionally working to recruit employees on behalf of the organisation. The organisation hires such consultants on a commission basis to acquire the desired human resource.

**Walk-ins and Write-ins:** The organisations without any effort, get random applications when the job seekers submit their CV. Either by visiting the organisation, posting the letter with CV or mailing the CV on the company's mail id.

**Contractors:** The organisation hires a contractor who provides casual workers temporarily, especially for a particular project, and such workers have no existence in the company's records.

**Acquisition and Mergers:** At the time of the company's merger or acquisition of another company; it has to lay off some of its employees as well as recruit new talents. The company structure changes drastically.

**Professional Associations:** Professional associations facilitates the organisation to fill in the vacant position by advertising it in their journal or magazines. It also offers job opportunities to the highly educated, skilled or experienced resources who are experts in their fields and hold a membership with such associations.

#### Merits and Demerits of External Sources of Recruitment

External recruitment is the best means of recruitment for the medium or large organisations, diversified into many lines of business and carrying out the bulk-hiring of employees.

Various merits and demerits of selecting external sources of recruitment have been discussed further.



### Merits of External Sources of Recruitment

To understand the need for external recruitment, let us go through its benefits:

- External recruitment gives a fair chance to the applicants to compete and secure their position in the organisation.
- It is not a confidential process and ensures transparency.
- Recruiting externally promotes and encourages the intake of new and fresh talent in the organisation.
- It is widely applicable to vacancies in all type of departments for different business processes.
- The employees recruited will come up with new and innovative ideas as well as will know new technology and skills. All this initiates organisational success.

## Demerits of External Sources of Recruitment

External sources though provide the organisation with a pool of applications, it has certain drawbacks too. To know more, read below:

- The existing employees may feel less valued and defeated and may even quit their jobs.
- External recruitment is a lengthy process right from identifying the human resources requirement, to scrutinising of applications.
- It involves enormous cost incurred on the advertisements, employment exchange, consultancies, etc.
- The employees who are already working in the organisation feel dissatisfied and demotivated if a senior post is filled up by an outsider.
- The existing employees fear the loss of the job or their replacement on not fulfilling the performance standards.



## Alternatives to Recruitment

Recruitment has some disadvantages; for instance, it is a lengthy process and less cost-effective. Therefore, many companies opt for other options instead of hiring, to get the work done, though some of these alternatives are a temporary solution.

Let us now learn about some of the recruitment alternatives in detail:



- **Outsourcing:** When the organization develops a vacant position, it outsources the hiring process to a third party which is specialised in recruitment services.
- **Employee Overtime:** During the peak time, when the production increases gradually, the organisation demands overtime from the employees in return for additional wages.
- **Temporary Employees:** The organisation at times, hire temporary employees through employment agencies to cope up with the workload in peak times. Such employees can be any technicians, professionals or executives and are experienced personnel available at lower wages.
- **Employee Leasing:** The leasing companies lease out the services of their personnel to the organisation. They are responsible for maintaining the employees' payroll, and in return, they get fees from the organisation.

## *Conclusion*

In today's world, everyone wants to be employed irrespective of their gender or caste. Technological advancement has simplified the job search even more.

The emergence of the digital era has facilitated the candidates to find new jobs, anytime and anywhere easily. Even the companies have access to better talent acquisition and a broader scope of searching for new talent from around the world.

The organisations have to wisely select a source of recruitment to make the recruitment process effective.

## **Selection Process**

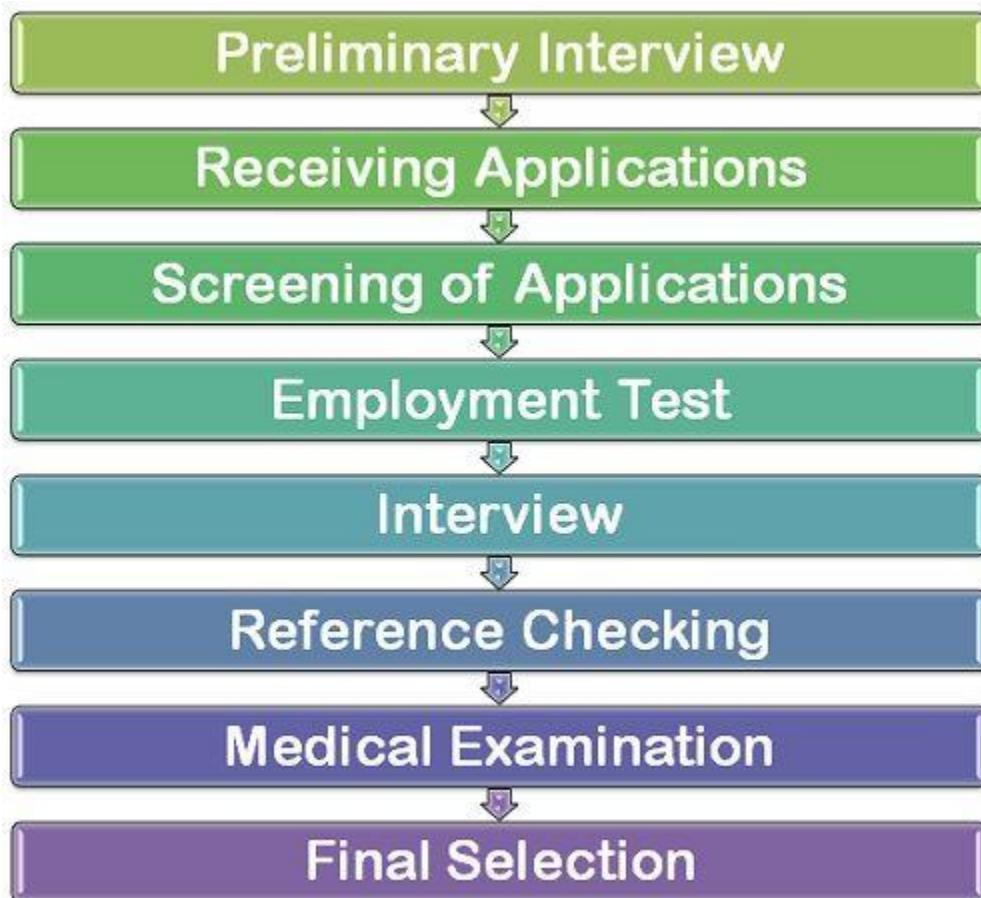


**Definition:** The **Selection** is a process of picking the right candidate with prerequisite qualifications and capabilities to fill the jobs in the organization.

The selection process is quite lengthy and complex as it involves a series of steps before making the final selection. The procedure of selection may vary from industry to industry, company to company and even from department to department. Every organization designs its selection process, keeping in mind the urgency of hiring people and the prerequisites for the job vacancy.

# Selection Process

The selection procedure comprises of following systematic steps:



1. **Preliminary Interview:** The preliminary interview is also called as a screening interview wherein those candidates are eliminated from the further selection process who do not meet the minimum eligibility criteria as required by the organization.  
Here, the individuals are checked for their academic qualifications, skill sets, family backgrounds and their interest in working with the firm. The preliminary interview is less formal and is basically done to weed out the unsuitable candidates very much before proceeding with a full-fledged selection process.
2. **Receiving Applications:** Once the individual qualifies the preliminary interview he is required to fill in the application form in the prescribed format. This application contains the candidate data such as age, qualification, experience,

etc. This information helps the interviewer to get the fair idea about the candidate and formulate questions to get more information about him.

3. **Screening Applications:** Once the applications are received, these are screened by the screening committee, who then prepare a list of those applicants whom they find suitable for the interviews. The shortlisting criteria could be the age, sex, qualification, experience of an individual. Once the list is prepared, the qualified candidates are called for the interview either through a registered mail or e-mails.
4. **Employment Tests:** In order to check the mental ability and skill set of an individual, several tests are conducted. Such as intelligence tests, aptitude tests, interest tests, psychological tests, personality tests, etc. These tests are conducted to judge the suitability of the candidate for the job.
5. **Employment Interview:** The one on one session with the candidate is conducted to gain more insights about him. Here, the interviewer asks questions from the applicant to discover more about him and to give him the accurate picture of the kind of a job he is required to perform.

Also, the briefing of certain organizational policies is done, which is crucial in the performance of the job. Through an interview, it is easier for the employer to understand the candidate's expectations from the job and also his communication skills along with the confidence level can be checked at this stage.

6. **Checking References:** The firms usually ask for the references from the candidate to cross check the authenticity of the information provided by him. These references could be from the education institute from where the candidate has completed his studies or from his previous employment where he was formerly engaged. These references are checked to know the conduct and behavior of an individual and also his potential of learning new jobs.
7. **Medical Examination:** Here the physical and mental fitness of the candidate are checked to ensure that he is capable of performing the job. In some organizations, the medical examination is done at the very beginning of the selection process while in some cases it is done after the final selection.

Thus, this stage is not rigid and can take place anywhere in the process. The medical examination is an important step in the selection process as it helps in ascertaining the applicant's physical ability to fulfill the job requirements.

8. **Final Selection:** Finally, the candidate who qualifies all the rounds of a selection process is given the appointment letter to join the firm.

Thus, the selection is complex and a lengthy process as it involves several stages than an individual has to qualify before getting finally selected for the job.

## Interview

**Definition:** Interview refers to a formal, in-depth conversation between two or more persons, wherein the exchange of information takes place, with a view of checking a candidate's acceptability for the job.

## Objectives of Interview

- To evaluate the applicant's suitability.
- To gain additional information from the candidate.
- To provide general information about the company to the applicant.
- To create a good image of the company, among applicants.

It is an effective tool for selection. It is two-way communication between interviewer and interviewee, wherein the former seeks information, by way of questions and the latter provides the same, through his/her verbal responses. However, the information flows in both directions. In this way, the hirer learns about the applicant and the applicant also get a chance to know about the employer.

## What Is the Interview Process?

The interview process is a multi-stage process for hiring new employees.

The interview process typically includes the following steps: [writing a job description](#), [posting a job](#), scheduling interviews, conducting preliminary interviews, conducting in-person interviews, [following up with candidates](#) and making a hire.

## Interview Process Steps & How to Improve Them

There is much debate by industry professionals on the best ways to improve the interview process. And by improve, we mean attract and make better hires. One theory is that harder job interviews actually lead to better job matches -

but is this true? It turns out, [yes](#). Candidates who go through a rigorous interview process often find that the company places a high value on finding employees who are a good match for both the position and the [company culture](#).

Want to improve your company's interview process? Here are some steps to consider when structuring your interview process:

### ***The Phone Screener***

Phone interviews are an easy way to screen job seekers. In just a few quick questions, phone screeners allow you to [vet a candidate](#) and make sure they are a strong match skill-wise before you decide to invest further time in them. At this stage, you'll want to focus on high-level questions to make sure they meet the requirements of the role.

### ***The Skill Test***

[Behavioral questions](#) allow you to find the best fit for each role, and help you hire employees who can drive innovation, productivity, customer satisfaction and profits. Determine test objectives, e.g. personality, values, skills, etc. and decide how candidates will be moved forward or eliminated based on the results.

### ***The In-Person Interview***

At this stage in the interview process, you already know that the candidate is generally well-qualified for the role, so it's time to dig further into culture fit and work style. See if you can identify what motivates a candidate, what drew them to your company and how they work on a team, amongst other questions.

### ***The Group Panel***

By meeting with a variety of people, candidates get a comprehensive picture of the culture and the job itself, and team members get a strong sense of the contribution the job seeker will make as an employee. Make sure you prepare interviewers with the job description and [the candidate's resume](#). Also, don't forget to identify a panel leader, and assign roles to each interviewer based on job function and/or expertise.

### ***The Candidate Presentation***

Team members will get a sense of contribution, skills and personality during a job seeker's presentation. However, you will need to make sure to be specific about the presentation topic to the candidate, and also determine objectives for evaluation of the presenter with the team. And don't forget to solicit [feedback](#) via a scorecard or a post-panel debrief.

While adding extra hoops for candidates raises the perceived difficulty of job interviews, it also slows down the hiring process - which can lead to costly hiring delays and candidates lost to the competition. Before adding additional layers to interviews, it's important for employers to assure that each new screen actually helps identify great candidates, and doesn't just make interviews harder without any offsetting benefit.

### ***3. Great Interview Questions to Ask Candidates***

Struggling to come up with interview questions to ask your candidates? These questions will help you find top talent fast:

- What attracts you most to this position and company?
- What was the best thing about your last job?

- Tell me about a time you had a difficult working relationship with a colleague. What was the challenge, how did you address the situation and what did you learn from the experience?
- What is a development area, a deficit, or a gap that you've had to overcome or improve in your career? How was that identified, and what did you do to improve?
- What are two of the most satisfying accomplishments in your career? Tell me about each of them.
- Do you have any questions for me?

For more ideas on interview questions to ask, click [here!](#)

#### 4. Conclusion

Finding candidates who have the right skills and who are also great culture fits with the ability to weather adversity, manage stress, deal with ambiguity, work constructively as part of a team and demonstrate resourcefulness will serve you well in both the short and long term. Glassdoor's [recruiting solution](#) is a perfect tool to attract high-quality candidates to make your interview process more productive. After you attract high-quality candidates, it takes a little planning ahead - choosing which interview format you'll use, what questions to ask and who will ask them - but the payoff is high.

# Types of Interview

The various types of interview are explained hereunder:



Types of Interview

- Structured Interview
- Unstructured Interview
- Mixed Interview
- Behavioral Interview
- Stress Interview
- One to One Interview
- Panel Interview
- Telephonic Interview
- Video Interview

- 
1. **Structured Interview:** The interview in which preset standardised questions are used by the interviewer, which are asked to all the candidates. It is also known as a patterned or guided interview.
  2. **Unstructured Interview:** The unstructured interview is one that does not follow any formal rules and procedures. The discussion is free-flowing, and questions are made up during the interview.
  3. **Mixed Interview:** It is a combination of structured and unstructured interview, wherein a blend of predetermined and spontaneous questions are asked by the interviewer to the job seeker. It follows a realistic approach which allows the employer to make a comparison between answers and get in-depth insights too.

4. **Behavioural Interview:** It is concerned with a problem or a hypothetical situation, given to the candidate with an expectation that he/she would solve. It aims at revealing the job seeker's ability to solve the problem presented.
5. **Stress Interview:** The employer commonly uses stress interview for those jobs which are more stress-prone. A number of harsh, rapid-fire questions are put to the interviewee with intent to upset him. It seeks to know, how the applicant will respond to pressure.
6. **One to one Interview:** The most common interview type, in which there are only two participants – the interviewer (usually the representative of the company) and interviewee, taking part in the face to face discussion, in order to transfer information.
7. **Panel Interview:** Panel interview is one, in which there is a panel of interviewers, i.e. two or more interviewers, but limited to 15. All the members of the panel are different representatives of the company.
8. **Telephonic Interview:** Telephonic interview is one that is conducted over the telephone. It is the most economical and less time consuming, which focuses on asking and answering questions.
9. **Video Interview:** An interview, in which a video conference is being employed, to judge or evaluate the candidate. Due to its flexibility, rapidity and inexpensiveness, it is used increasingly.

## Halo Effect

Halo effect refers to cognitive bias, wherein the interviewer makes a judgement about the applicant's overall potential for the performance of the job, considering a single characteristic, like the way he/she talks, sits, dresses, etc.

Interviews also have several shortcomings, such as lack of reliability, i.e. no two interviewers give similar points to an applicant after the interview. Further, lack of validity and biases of interviewers may also trouble interview



## HR POLICIES AND PRACTICES:

HR has considerably evolved in the past decades and continues to do. Yet, core human resource best practices have persisted, serving as guidelines for HR professionals over the years. But what do they entail, and why are they so important? In this article, we'll go over the 7 best practices for HR. These are crucial to effective human resource management.



Best practices are a set of Human Resources Management processes and actions that work universally. In HRM research, there are two schools of thought on how to manage people. The first one is the *best fit*, the second is *best practices*.

- The best fit school states that to add value, human resource policies should align with business strategy. This means that HR should focus on both the needs of the organization and the ones of its employees.
- The best practice school argues that there is a set of universal HR processes that lead to superior business performance. According to its proponents, there are certain bundles of HR activities that support companies in reaching a competitive advantage regardless of the organizational setting or industry ([Redman & Wilkinson, 2009](#)).

We'll skip the extensive scientific debate on the merits and flaws of each approach. With these kinds of discussions, the truth often lies somewhere in the middle.

This means that the [HR strategy](#) and subsequent HR activities should be aligned with the organization's strategy for optimum efficiency (a.k.a. strive for best fit). In literature, this alignment has also been referred to as Strategic Human Resource Management.

## Seven HR best practices

The 7 Human Resource best practices presented below have been proposed by Jeffrey Pfeffer. Pfeffer wrote two books on this topic:



- *Competitive Advantage through People* (1994), and
- *The Human Equation: Building Profits by Putting People First* (1998)

In these books, he proposes a set of best practices that can increase a company's profit. When these HR principles are combined (or bundled), their impact is even more profound.

These best practices are:

1. Providing security to employees
2. Selective hiring: Hiring the right people
3. Self-managed and effective teams

4. Fair and performance-based compensation
5. Training in relevant skills
6. Creating a flat and egalitarian organization
7. Making information easily accessible to those who need it

We'll go over them one by one.



## 1. Providing security to employees

The first Human Resource best practice is employment security. Life is unpredictable and work is a stable factor that is very important to most people. Having an employer who enables the employee to provide for themselves and their family is, in essence, the number one reason why people come to work.

There is both a formal contract (labor for money) and an informal contract (you put in some extra effort, we take good care of you) between the employee and the employer. Employment security enables employees to go home after work and provide for themselves and their families. This concept of security is essential and underpins almost everything HR does.

When this employment security is threatened, for example when there is a restructuring or a layoff, you see this immediately ripple through the organization.

Employment security also benefits organizations because it helps them retain their people. When employees are laid off, for example, it's usually the organization that pays the price. They are the ones who have invested in the [selection](#), training, and development of these employees. This is a costly process. If the organization doesn't work on retaining its people, they are more likely to leave and work for the competition. In 2020, a survey found that [job security is the third most important factor](#) for employees. 28% of 1,100 professionals surveyed in the UK listed job security as an important factor. Job security is important across global HRM practices.

## 2. Selective hiring: Hiring the right people

The second HR best practice is selective hiring. This enables an organization to bring in employees who add value.

You can't just hire anyone; you want people who are fit for the job. Companies do their utmost best to hire exceptional people because they add the most value to the business. There also needs to be a prioritization of building a structured and fair selection process. This reflects legal requirements, internal diversity goals, and that a more diverse workforce, better reflects society. This can be hugely beneficial for understanding wider consumer behavior and the needs of different customers.

[Research](#) shows that the difference in performance between an average performer and a high performer can be as high as 400%! This holds for different industries and job types, including researchers, entertainers, and athletes.

Bringing in the right people is, therefore, a key to building a competitive advantage.

In today's digital world, there are a lot of different [recruitment tools](#) we can use to make the right selection. More and more companies vigorously keep track of their [recruitment metrics](#) to see how well they are doing in this regard.

Commonly used selection instruments are structured and unstructured interviews, IQ tests, personality assessments, work tests, peer assessments, and reference checks. These (pre-employment) assessments are used to uncover three key candidate characteristics.



1. **Ability:** Is the person able to do the job? Does the person have the right technical and soft skills? Is the person smart enough to do the job well?
2. **Trainability:** Can we train this person to improve his/her skills? Has the person the aptitude to learn and keep developing?
3. **Commitment:** Will the person commit to his/her work and to the organization? Will we be able to retain this person once he/she is up to speed and fully productive?

### 3. Self-managed and effective teams

We all know that teamwork is crucial in achieving goals. High-performance teams are crucial for any company when it comes to achieving success.

Teams provide value because they consist of people who are, and think differently but are working towards a common goal. This means that different ideas are generated to help achieve the goal. These ideas are then processed and combined, resulting in the best ones being selected.

[The best teams are cognitively diverse and psychologically safe](#). This means that team members can generate ideas that are different while feeling comfortable bringing these up and discussing them.

Creating and nurturing high-performance teams is one of HR's key responsibilities. [Belbin's Team Role Inventory](#) is a popular tool for team creation and cooperation. Effective HRM includes directly supporting teamwork by involvement in how teams are organized. This can be done in several ways. Measuring team performance, rewarding team excellence, and advising management on techniques and tools to facilitate teamwork are some methods.

Individual personality assessments also help understand how other team members think and behave. Understanding these processes is one of the main responsibilities of a manager. This is the reason why a lot of management courses focus on it.

Different tools facilitate teamwork. Examples include communication software, feedback tools, project management tools, and other task and goal setting software. These can facilitate communication and help teams be more efficient.

Finally, HR needs to encourage different teams to work together in the organization. A team is usually part of a larger entity, like another team or a department. These larger entities also need to work together. Facilitating this helps to build an efficient and effective organization. One of the tools that can be used for this is [Organizational Network Analysis](#).

## 4. Fair and performance-based compensation

Contingent compensation is the fourth Human Resource best practice. It has everything to do with [compensation and benefits](#).

First of all, if you hire the right people, you want to compensate them above average. These are the people that will add the most value to your company so you want to retain them and pay them fairly. This is an example that shows how different best practices work together to provide more value than they would alone, in this case, selective hiring, contingent compensation, and employment security.

Paying people above the norm also has some potential disadvantages. For instance, it discourages bad employees to leave. However, if you're consistently hiring world-class performers, an above-average compensation is a must.

This sort of [compensation package](#) can take the form of financial (base) pay and [employee benefits](#). You must follow market trends across your field, and adjacent fields (many of the best employees may come from other career areas). Then you will be able to understand the average rate of pay and where your company ranks in the compensation offer.

Secondly, you want to couple individual rewards with the different types of contributions that employees make. These are performance-related rewards.

By coupling organizational performance outcomes with individual rewards the individual is incentivized to maximize this outcome. It also creates a sense of ownership for the employee.

Think of profit sharing, shared ownership, or stock options for instance. These are great ways to create employee commitment to the company's long-term vision and retain high potentials. Compensation is a key element for successful [talent management](#).

In line with the previous, this type of co-ownership is usually not meant for all employees. [Lepak & Snell \(2002\)](#) offer a good model to assess how important individual employees are.



As an organization, you want to specifically retain your “Criticals”. They are people with unique skills (i.e. hard to replace) who are very valuable to the business. That's why senior managers, most of which fit this category, are often offered these benefits.

## 5. Training in relevant skills

This HR best practice states that companies should invest heavily in training time and budget for its employees.

After recruiting the best people, you need to ensure that they remain the frontrunners in the field. This has become even more relevant today as the rate at which technology is developing is growing exponentially. This is where [learning and development](#) come in.



How do we create an organization in which the rate of learning matches the pace of change? Learning has become a way to stay innovative, grow faster, and sustain a competitive advantage.

Employers increasingly invest in skills-specific forms of training. According to [the Economist's Lifelong Learning special report](#), the number of on-demand courses has grown exponentially. Thanks to the internet, everyone is connected and can learn anything, anytime, anywhere.

In addition to formal learning, on-the-job learning also plays an important role. Increased focus on feedback, coaching, and [peer learning](#) plays into this. This is part of the often quoted 70|20|10 rule:

- 70% of learning is from challenging assignments
- 20% of learning is from developmental relationships
- 10% of learning is from formal coursework and training

Learning is also becoming increasingly important for the latest generations, such as the Millennials and [Generation Z](#). According to Gallup, younger employees rate learning and personal growth as much more important compared to older generations.

The next generation of workers is actively looking for development opportunities and sees these as a way to grow in their profession. Not offering these opportunities is related to higher levels of employee turnover.

Learning is, of course, also important for HR. To stay up to date and learn the skills needed to do HR in the 21st century, check out our courses at the [Academy to Innovate HR!](#)

## 6. Creating a flat and egalitarian organization

This best practice in HR principles is rooted in the egalitarian practices of Japanese management. Although we just saw that some employees are more critical than others for the organization's success, this shouldn't be communicated in such a way. Every employee is a valuable member of the organization and should be treated as such.

In Japanese organizations, this is expressed with common canteens, company uniforms, and similar sickness and holiday entitlement. Such an egalitarian culture shows that everyone deserves equal respect and could help in promoting the sharing of ideas.

## 7. Making information easily accessible to those who need it

Information sharing is essential. This is an area where a lot of large companies struggle: How do you keep track of who knows what, so you know where to go with your questions?

According to Pfeffer, there are two reasons why information sharing is so important.

Firstly, open communication about strategy, financials, and operations creates a culture in which people feel they are trusted. It truly involves employees in the business. As an additional effect, it discourages hear-say and negative informal chatter.

Secondly, if you want your people to share their ideas, they need to have an informed understanding of what's going on in the business.

Being informed about the business is also something that employees often mention as something they find important in attitude surveys, as well as having a chance to contribute to and influence decisions affecting their working life.

HR activities often contribute to communication across the workforce. This could be by creating sub-groups for people from diverse backgrounds, such as women and LGBT individuals. HR may assist in or lead on, the production of internal newsletters and updates.

## Synergies between HR best practices: Bundles

When these best practices are combined we call them 'bundles'. Bundles create synergies. This is how Human Resource Management can create a competitive advantage for the organization.

An example. Guaranteeing employment security will only benefit you when you have high-performing employees. Otherwise, what's the use of retaining them? This means that the employment security best practice, combined with selective hiring leads to more value than individual practices.

The same goes for selective hiring, extensive training, and contingent compensation. You want to select employees with growth potential, invest in them with learning and development, and reward them appropriately when they show superior performance.

A third example is the reduction of status differences and information sharing. By encouraging open communication and sharing relevant information, you create a culture of improvement in which employees feel free to give suggestions and collaboratively help to improve the business.

By leveraging these bundles, effective HRM can add tremendous value to the business and help the organization succeed in reaching its goals.



## **MODULE-III**

### **Introduction to Employee Training and Development in HRM**

Employee training and development is a program that helps to learn a particular skill as well as knowledge to improve [employee productivity](#) & performance in their current organization or job role. It develops future performance & helps focused on more employee growth.

Companies that have a proper training and development process can retain more employees, see [higher profitability](#), and have more engaged employees. Furthermore, it helps the organization avoid the costs linked to losing talents.

Training and developing an employee doesn't simply help their growth but pushes the company to grow as well. Likewise, it helps employees know that they are valued in the organization.

A formal definition of training and development is "Training and development is an attempt to improve current or future employee performance by increasing an employee's ability to perform through learning, usually by changing the employee's [attitude](#) or increasing his or her skills as well as knowledge"

An organization that nurtures its employee skills and thinks about its growth certainly attracts better talent and [sustainability](#).



# Employee Training and Development Definition



Employee training & development may sound similar but both have different meanings and roles. An Employee training refers to a short-term activity that focuses on the specific role of the employee. It focuses on the immediate need or requirement of the role. In a more formal sense, employee training is the process of providing the required skills to an employee for a specific task.

Whereas, employee development has a broader scope. It is a long-term activity that focuses on the development of an individual. Employee development can be defined as the process of [employees honing](#), developing, and learning new skills that align with the goals and the vision of the company.

# What is Employee Training and Development?

The relationship between employee training and development is close. However, employee training is very different from employee development. Employee development has open-ended goals and doesn't focus on one single role.

It focuses on the entirety of an individual. It hones the skills of an individual to be able to [grow as a person](#). If done right, employee development can lead to more job satisfaction which results in a more [engaged employee](#). Employee development also helps groom employees for newer possibilities and roles.

While employee training focuses on helping the employee do the current job better. It focuses on helping the employee solve the problems that they are facing and helps them develop the skills to solve them. It acts as an upgrade in the current job role.

## Breaking Down Employee ‘Training’ and ‘Development’

Employee training and development may sound similar but both have different meanings and roles. An Employee training refers to a short-term activity that focuses on the specific role of the employee. It focuses on the immediate need or requirement of the role.

Whereas, employee development has a broader scope. It is a long-term activity that focuses on the development of an individual. Employee development has open-ended goals and doesn't focus on one job but the entirety of an individual. While employee training focuses on helping the employee do the current job better, development [helps groom](#) employees for newer possibilities and roles.

# Case Study

To understand the benefits of Employee Training and development better, let us also look at how ICICI benefited from training and developing their employees through a collaboration with a University.

Organizations like [ICICI](#) bank in association with [Sikkim Manipal University](#) have gone ahead to design tailor-made management courses that bring out an overall development in a fresh graduate employee. These training are designed for the right fit-out for a job, post-training, to a specific organizational culture, practices, processes, overall grooming & management. Furthermore, it also provides real-life banking experience with access to the core banking software that ICICI bank uses to stimulate learning.

The employees attending this full-time management program are given a monthly stipend as well as a guaranteed job with a higher post after the training.

This way ICICI bank trains and develops its employees to take on better tasks in the future while also [securing employees](#) for their future hirings.

## Why Employee Training and Development is important in HRM

Better Utilization  
of Resources



Increase  
Profitability



Employee  
Engagement



It is no secret that organizations prosper under [continuous learning](#). The winning

advantage is often with the organization that adapts not also changing scenarios but and welcomes the development.

Several aspects can be considered trainable under various departments and verticals. However, once the gap is understood, individual training can be designed to affect a solution. Furthermore, a feedback or evaluation system is mandatory to create a successful training program closely.

*Here are a Few Benefits of Employee Training and Development in an Organisation:*

## **This is How You Can Create Highly-Impactful Employee Training and Development**

### **1. Business Impact**

As we all say health and wealth go hand in hand in the similar way training and development of an employee also impact the business of the organization, the better the skillset is, the more effective that employee would be for providing great service to the organization.

You have to design your training program in such a way that it meets the organizations' overall goal because the right set of employees will be your most reliable asset.

If the employee receives the right training then he can develop future [leadership skills](#) and can be more goal-oriented. It's as simple as " If you invest in your employee their growth will invest in you.

### **2. Analyze Skill**

Every employee in your organization will be having one great skill in which the organization can train him and make him the best working employee in that field.

Opposite to this, there will be some employees in your organization lacking certain sorts of skills so you can analyze it and train that employee well and provide him the opportunities to grow. This process will ensure that every employee gets proper training and can be efficient to perform various tasks.

**Analyzing Skill can be categorized and impactful through these 3 following methods:**

#### ***Increasing Productivity:***

The employee who's been provided proper training will for sure increase his productivity level and will be more aware of the opportunities to grow in the company. In addition to this, the confidence level of the employee will also be rising which would lead to an employee being more productive.

#### ***Motivation:***

This word "Motivation" plays an important role in an organization but as we all know Motivating every single day would be quite difficult and there will be days often where employees could be feeling low so here's what you can do: You can tell them about a purpose to achieve which will keep your employees motivated in a proper manner.

#### ***Decision-Making Skills:***

Every employee may perform different activities but decision-making skills are one common skill every employee needs. You can first evaluate the situation, look for the possible numbers of solutions(options), look around the pros and cons of the options you have, and then choose the appropriate option. An employee who has good decision-making skills will definitely help the organization to progress.

### **3. Time & Costs Saving**

This is one of the key points of Employee Training and Development, as training an employee requires a good amount of time and planning but it's all worth the efforts because the time you invest in training will result in a great performance of the individual and as far as the cost is concerned there are some effective ways through which you can

lower the cost which is: Choosing [online learning platforms](#) as it's very cost-effective and is convenient, Involving everyone in the organization so that the seniors and juniors can interact with each other and exchange knowledge, etc.

## **4. Positive Employee Retention**

Most organizations spend resources and time in hiring well-qualified talents however, that effort stops once the talent is hired. This is the reason employees often leave organizations, as there is a lack of growth in their roles. Therefore, training and developing talent will help them grow and be engaged with the organization. As we know, engaged employees are less likely to jump ship and will want to stay in the organization.

## **5. Trains Future Leaders**

Training and developing the skills of your employees doesn't just benefit them but it also benefits the organization in the long term. It helps your employee be prepared for better roles and will provide them with the skill set to handle more difficult situations. It helps develop promotional skills that benefit them and will save the company recruiting expenses in the future. Furthermore, the employee at the leadership level will understand the grassroots of the organization.

## **6. Increases Workplace Engagement**

Stunted growth in the workplace can create negative habits and boredom. Training and developing employee skills will help employees feel more involved with the organization. Furthermore, it pushes employees to build a better skill set and guides them towards a better path. It also influences the company culture to change from being static to being in motion.

## **7. Helps Improve Weak links**

Every employer recognizes a few weak links in their teams. Employees who clearly do not have the required skills. Therefore, a training program truly helps an organization

understand these weaknesses and build their employee's skills. Specific training related to the employee's job will help them get better.

Furthermore, helping the employee develop will help them understand their shortcomings on their own. This will push them to find resources to improve, themselves

## **8. Employee Empowerment**

When employees feel [more empowered](#), they are able to lead and inspire other employees better. Furthermore, empowered employees are much more likely to have better confidence, autonomy, and a sense of value. Therefore, empowering employees through employee training and development is truly valuable to the company.

# **9 Steps for an Effective Employee Training and Development Program**

Creating a training and development program is a difficult task. It requires time and resources, therefore several companies outsource this task to other organizations.

## **1. Recognize Your Company Goals**

Before you start building your courses, tools, and training material pause for a second. Take a step back and think about the company's goals and where you'd like to go with the training and development programs.

Think about the biggest hurdles that your company is facing to reach [company goals](#). Furthermore, keep the company's future strategic arrangement in mind while also keeping the company's missions and goals in mind.

## **2. Identify Competencies**

Competencies are a group of skills that help improve the [job performance](#) of an employee. Few top competencies that can be improved in an organization are teamwork, trustworthiness, and ethics, problem-solving abilities, [decision-making abilities](#) as well as communication. Identify those competencies that fit your organization and then work on improving them.

The impact of improving competencies in an organization has a direct [effect on the productivity](#) of an organization. In a study by Development Dimensions International (DDI), it was found that 89% of the best-in-class organizations had core competencies defined for each of their roles in the organization.

### 3. Do a Gap Analysis

Now that you understand where you'd like to take your employees it is mandatory to understand where they currently stand. This information might already be available to you in your [HR documents](#), reviews, job descriptions, and more.

If it is not, it is a good idea to do a [360-degree review](#) of the employees in the organization. So, this will help you understand where you stand and how much gap needs to be covered.

### 4. Interview Employees

It is safe to say that a training and development program cannot be complete without actually talking to the employee. Sitting down and talking to employees will help you understand what causes the gap and how you can solve it. Furthermore, it will also give you an insight into the employee's mind.

You can even take this opportunity to ask them about their future goals. For example, if you'd like to train someone to take on a leadership role, it is a good chance to bring it up and understand whether they'd even like to take the [leadership role](#).

Some people are happy in their own roles and being put into a leadership role might make them feel uncomfortable and create resentment.

Therefore, it's a good idea to simply talk to the employees regarding the problems that they face and build programs that address those concerns.

## **5. Offer Formal Training**

With your company's Competencies being identified, the gap analyzed and employees interviewed you are not ready to start closing in the gaps. Formal training should be put together to help employees develop the skills that they lack. As can be seen, business skills, skills related to their roles, or soft skills.

The employee training itself can be simple training videos picked online as well as custom made videos. The best way to go about it is through a blended learning technique. Wherein videos are sent to the employees to learn from and an instructor is hired to spend their time on group discussions, practical examples, Questions and answers, and more.

## **6. Select The Right Training Tools**

When launching a training program it is important to understand the right training method for the organization. The way employees learn is also affected by the mode through which the training is conducted. It also affects their retention and their ability to implement the newfound skillset.

### **Tools for Employee Training**

Different organizations have different training approaches, while most of them have a mix of the following programs. The following are the most common approaches to "Employee Training and Development".

1. Educational Videos
2. Work Shadowing

3. Attending conferences/ workshops and seminars
4. Instructional guides
5. Training material
6. Case studies
7. Group discussions
8. Mentoring as well as coaching programs
9. Simulation methods
10. Benchmarking
11. An analytical approach through questionnaires, cognitive analysis, etc.
12. Training guides & manuals.

## 7. Bring in a Coach or a Mentor

While training and developing your employees it is a good idea to launch a mentorship program within the organization. This will allow the effects of the training and development to last much longer. It will help younger professionals to [learn quicker and develop further](#). It will even foster relationships within the organization.

Matching the right mentor to the mentee is an important task. You can do this by considering the experience of both the mentor and mentee. The gap shouldn't be too large so that the mentee can learn and not be overwhelmed.

You can even pay attention to their personality types. An [MBTI test](#) to understand which personality type goes with which type of personality.

## 8. Allow Self-Directed Learning

Allow your employees to also be able to learn on their own at their own pace. You can encourage self-directed learning like this by opening up a library (physical or virtual) filled with content related to skills that can be learned. They can pick up courses and, also books at their time and complete them.

Nothing is better than a [self-motivated employee](#). Self-directed learning has several benefits as it suits different learning styles, is flexible, and also gives a good ROI for its investment.

## **9. Measure The Results**

At last, you've gone through the entire checklist and all the steps of building a good training and development program for the employees of your company.

However, the job is not done yet. The last step is one of the most important ones – to measure the results for all the work gone into training the employees. The results might not be obvious immediately however, there should be some difference within 6 months of the program.

Were there lesser errors? Were the employees more confident?

You will have to analyze the gap again to understand if there has been any development or changes in where you started from. This will be the ROI of the entire program.

## **Innovative Training Approaches**

Organizations are adopting various disciplines to inculcate a tradition of learning and development. Many innovative employee training and development in HRM initiatives have been created. Training programs are designed such that they could be accessed across a larger population of employees as well as remain a fairly 1-2-1 experience in deliverance.

### **Some of The Innovative Approaches For Training and Development in HRM are:**

- 1. Gamification**
- 2. Feedback Oriented Training**
- 3. e-learning**
- 4. Interactive Software Assistance**

## **1. Gamification**

The aid of [artificial intelligence](#), influenced by the element of [gamification](#), is now used to train employees. A visually stimulating environment that creates a near real work problem scenario with a solution approach. Also, this is uniquely designed to offer employees a pilot understanding of the actual work situations. The modules are analyzed for winning or losing remarks as results. Gamification ensures better understanding as well as the confidence to deal with real work situations.

## **2. Feedback Oriented Training**

A [feedback system](#) ensures better facilitation of newer approaches. Feedback Oriented Training ensures what has not worked in the past and what is the possible gap that can be understood and eliminated in the forthcoming programs.

## **3. E-learning**

[E-Learning](#) is the quick fix training method for the geographical scope of implementation. Organizations having a wider worldwide reach and also working on standard practices can have an e-learning platform as a one-point solution to offer training.

The e-learning method also means that the training database could be accessed any number of times without having a physical trainer and repetitive training costs.

## **4. A Trainer**

What cannot be replicated is a [physical trainer](#) who comes with a precious treasure of experience, and inarguably who cannot compare to Artificial Intelligence. A trainer has case-specific solutions and approaches as compared to the standard training modules and Artificial Intelligence. A human touch to learning is anytime an incomparable experience.

## **5. Share Employee Success Stories**

When an employee does commendable work, make it a point to appreciate their work in front of other employees. Apart from inspiring other employees, this will also challenge them to work better. Furthermore, it will help the employee feel recognized and seen by the organization.

Appreciating and rewarding the right behaviour can also be categorised under training and development in HRM. It shows an employee which path should be taken and guides their way ahead.

## **Barriers in Employee Training and Development**

Employee training and development is a vast arena, and organizations often [face challenges](#) in setting the right learning culture. Some of the challenges faced are:

- 1. Lack of a robust training department.**
- 2. Lack of management support.**
- 3. A weak culture that does not facilitate learning as well as implementation in the organization.**
- 4. Employee is resistant to attend training.**
- 5. A fundamental not only non-clarity of job roles but also growth path.**
- 6. Budget Constraints**
- 7. Ambiguous company policies.**

Organizations that realize the importance of not only Employee Training and Development but also spend time and budget in developing programs that can enhance their growth. Training is a by-product of appraisals too. Organizations with a robust [appraisal system](#) can figure out the visible gap and patch it up with relevant training.

Some organizations are building an internal [database](#) of specialized experts, and in this, Also they have gone a notch high with identifying the right employees and the necessary

skill-based training they can attend. Organizations have created an inbuilt training program for employees who are freshers and also just out of colleges.

The level of preparedness of an organization should be speculative and sensitive to future market needs. and, a dual motive of employee growth and parallel [company growth](#) should be the strategic vision.

Organizations like Capgemini are ensuring to train their fresh employees on the technology frontier and build experts within the company. and, the company sponsors this training.

## **Organizations Employee Training and Development Programs**

Training & development is a crucial part of any organization's growth, aligning the organization's workforce with its goals. for this reason, where an organization is unwilling to spend on training, the consequences can be [catastrophic](#).

### **1. Increase in employee turnover due to stunted growth.**

If an employee doesn't see personal growth in an organization it is likely that they will jump ships. So, employees who already possess the necessary skills will see better opportunities to grow outside the organization.

### **2. No learning atmosphere means a static growth culture.**

When an organization doesn't cultivate a learning environment it trickles down and becomes the work culture. If there isn't a learning atmosphere in an organization it will be difficult for employees to adjust and adapt to the newer technologies. Furthermore, it will add to the stunted growth of the company.

### **3. Existence of obsolete practices**

Over a period of time, newer and better possibilities of similar tasks can be implemented. This also helps save resources and expenses. However, without proper training &

development employees will not be able to keep up with the upcoming practices. This will lead to wastage of time, resources, and money

#### **4. Teams, tasks, and processes are falling apart**

This can happen due to a lack of skills in particular roles. The burden of untrained employees will be passed on to skilled employees. and, this will create extra workload and unhealthy deadlines for [skilled employees](#), thereby pushing them to quit.

#### **5. Employees being unable to adapt to new requirements of their roles.**

Almost every field has had to adapt to a certain aspect in these past few decades. If an organization is unable to adapt to these changes then it will cost the organization a lot of money and time. Lack of employee training & development in an organization will lead to employees that aren't able to adapt to the new requirements. In a fast-paced world, that is a huge disadvantage to a company.

## **1. Training Need Analysis**

Training [need analysis](#) is a systematic approach towards determining the gaps in the organization as well as advocating the right training.

A training needs analysis considers:

- 1. Current industry scenario**
- 2. Current skill competencies**
- 3. Industry as well as organizational benchmarks and visible gaps**
- 4. Technical advancements**
- 5. Recommended training methods as well as practices**

## **2. Cost Factor Analysis**

Organizations that invest in training do a [cost factor analysis](#) on training. This analysis is on:

- 1. The Training duration.**
- 2. The productivity time that an employee spends in training.**

3. Training expenses.
4. Content generation time.
5. Evaluation process.
6. Investment v/s visible productivity.

A [structured process](#) of training supported by analysis and evaluation will be able to affect positively.

## Training Policies

An organization with an inhouse training & development department also has a minutely framed employee training & [development policy](#) that encompasses the scope of training and [employee engagement](#). The Training & Development policy also lists the more intricate aspects and structure of training.

## Conclusion

Whether you hire the top talents or not, it is important to keep training and developing your employees so that the company keeps running successfully. and, The cost of not doing it is simply too high. Furthermore, employees that are in a habit of growing and learning will surpass those that aren't. Learning is a lifelong journey, and also cultivating that in your employees will help make the company more resilient to change. As an [HR professional](#), it is your duty to ensure that the correct employee training and development take place in the organization.

## The Most Effective Training Methods



Research on training methods is essential to avoid the unnecessary costs that come with training. [According to Forbes](#), the training market is worth approximately \$109 billion in the United States. Therefore, the tasks of researchers are to search and define the best methods to present the information to the targeted trainees, as well as to find the right approach to [investing in project management training](#).

One excellent study that explores such training methods is "[Training Methods: A Review and Analysis](#)." The authors of this article performed an integrative review of some of the most popular training methods. In addition to defining the core methods for training, the study does the following:

- Defines the key characteristics of the chosen types of training methods
- Researches the conditions in which the training methods are most suitable

Based on the authors' research questions, the study came up with the following information that's crucial for successful training. All this information is based on an exhaustive list of 13 core methods.

## 1. Case Study

The case study is a proven method for training and is known to effectively boost learner motivation. However, when learners lack access to the resources necessary to completing a case study or if the project become a challenge, their motivation and learning will be hindered.

This method is suitable for situations when the trainees have the core knowledge but can still benefit from training. Because this method comes with lower costs, it's also one of the more popular methods in different disciplines like law, counseling, and medicine.

## 2. Games-Based Training

Games have been used for many educational purposes, including training. Using games for education is affordable, competitive, and motivational, especially in the digital era, in which many applicants and employees are highly involved with technology.

One of the disadvantages of this method is the inability to determine the components in a game that will contribute to the training itself. Trainers can't really make sure that every learning concept will be accepted by the trainees through game playing.

Still, game-based training teaches students to compete in environments like business, sports, or law.

## 3. Internship

Internships are great for both sides. Employers can benefit from the help of employees, while employees can benefit from the guidance of and training by employers. Still, in some cases, this can be high-pressured or inconsistent.

However, in situations and environments where the learners have some base knowledge and the employers are supportive and understanding, this is an excellent training method.

## 4. Job Rotation

Job rotation can do a lot in terms of employee motivation and commitment. This method gives people chances to further develop and work toward a promotion and engenders satisfaction and cooperation. Still, for introverts, this is often a big challenge because of the fear that they might fail in front of others. Also, it's a method that requires a lot of time and room for error.

But with the right background knowledge, both of these problems can be eliminated or at least reduced.

## 5. Job Shadowing

Job shadowing serves to generate employees' engagement and interest. Trainees get a chance to see their work from another perspective, which is perfect for those who are being considered for a promotion or a role change.

## **6. Lecture**

Lectures are often dreaded and ridiculed, but they are the most commonly used training techniques. Yes, there is often a lack of interaction, but with the right speaker and simple lectures, this can lead to optimal learning.

## **7. Mentoring and Apprenticeship**

When companies plan to groom people for promotion and growth, this is the best training method to use. Trainees can truly benefit from such a personalized learning structure, boost the mentor-trainee relationship, and facilitate their future career.

## **8. Programmed Instruction**

Programmed instruction doesn't work without self-discipline, so it is most effective in cases when some straying from the program isn't detrimental to the company's success. Even so, this is an effective and flexible practice.

## **9. Role-Modeling**

This is the counterpart of the lecture training method—one that promotes practice on lifelike models. It's often used in cases when employees need some practice after they see a lecture or a demonstration.

## **10. Role-Play**

With role-playing, trainees can practice what they've learned in a personalized and simulated situation. They can still fail, but with good content and safe role-playing, there won't be any serious consequences.

## **11. Simulation**

Simulation becomes more affordable every day. As such, it's commonly used for training that is considered costly or dangerous if performed in a real environment. This is a safe way to practice what would otherwise be risky.

## **12. Stimulus-Based Training**

Stimulus-based training is a bit unconventional, but it's becoming more popular as time passes. It's a widely applied method that might make trainees a bit uncomfortable but can also enable them to acquire thorough knowledge faster than the other methods of training described here.

## **13. Team Training**

Team training has a big and important goal: to connect a team. As such, it doesn't focus on trainees as individuals like the previously discussed methods; rather, this method is used to connect team members and make them more engaged in their training and work.

## **The Bottom Line**

According to the study, these types of training methods do not make a full list, but they are the general methods that might be divided into sub-categories. As such, each is worth exploring and

considering when an organization or trainer wishes to properly prepare an individual or a team to work at the chosen position.

The study also discusses the situations and environments where each of the 13 methods would be effective. If the training isn't performed as it should, it won't be effective and might only create negative results. On the other hand, if everything goes as the research suggests, training can be the greatest tool for the success of an organization.

## **Management Development in HRM: Meaning, Concept, Need, Techniques and Programme**

*Everything you need to know about management development. Management development is a part of a large process of development and learning which a significant area of human development is. In human society there is a continuous growth which takes place through a continuous process of exploration, discovery and acquisition of knowledge. Executive or management development is a planned process of learning and growth designed to bring behavioural change among the executives. It is continuous process of learning. It implies that there will be a change in knowledge and behavior of the individuals undergoing development programme. The employee will be able to perform his present job better and will increase his potential for future work.*

### **Management Development – Introduction**

Management development is a part of a large process of development and learning which a significant area of human development is. In human society there is a continuous growth which takes place through a continuous process of exploration, discovery and acquisition of knowledge.

When we talk about management development, one is likely to overlook the total process of development which takes into account the

development of all employee. It is an educational and theoretical knowledge and managerial skills in an organized manner.

The main aim of this education is to increase the ability of managers for betterment. Management development consists of all the means by which management learn to improve their behaviour and performance.

Those in the field of organizational behaviour tend to be over conscious of the needs for management development without – paying significant attention to ensure that the entire segment of industrial and business activity is viewed as a development process and is attuned to the overall objectives of the society.

It is true that the development of leadership constitutes an important area and it has vital links in mobilizing the resources of an organization. It is not possible to employ resources to organize an all-round developmental activity immediately, but an organisation tries to apportion to its own resources in such a long duration.

The concern for this stems from the basic necessity to groom those who are in the activities of a larger segment of the industrial world are properly and effectively trained. These men need to be given opportunities for realizing their potential in the interest of an organization.

In India, where one-third of the population lives below the poverty line and there is a high degree of illiteracy, there are insurmountable barriers in the way of achieving developmental.



### **Management Development – Meaning**

“Executive or management development is a planned process of learning and growth designed to bring behavioural change among the executives.”

It is continuous process of learning. It implies that there will be a change in knowledge and behavior of the individuals undergoing

development programme. The employee will be able to perform his present job better and will increase his potential for future work. Managers develop themselves by participating in formal training courses organised by the organisation. They also make use of actual job experience in learning new behavior and the organisation must provide opportunities for development of its managers. But an equal, but more important, counterpart to the efforts of the organisation is those of the individuals. Self-development is an important concept in the whole programme of executive development.

Management development is a process in which managers working at different levels learn and improve their ability, capability, knowledge and skills for improving the performance of individual as well as organisation. The effectiveness of managers at work contributes a lot to the success of every organisation.

The new approach of human resource management is that money used in development of employees and managers is considered as an investment and not as a cost. Along with their jobs the managerial staff is provided opportunities to learn and improve their competencies. This whole process is known as management development.

The managerial staff is prepared to improve their performance on present jobs and preparing them for further assignments also.

Management development is a systematic process of training and growth by which managerial personnel gain and supply skills, knowledge, attitudes and insights to manage the work in their organisations effectively and efficiently.

Management development programme includes the activities — short courses, leadership courses, management education and training programmes, coaching, guiding and mentoring. These programmes can be conducted in-house or outside by consultants or experts.

## **PERFORMANCE APPRAISAL**

## What Is Performance Management?

Performance management is a corporate management tool that helps managers monitor and evaluate employees' work. Performance management's goal is to create an environment where people can perform to the best of their abilities to produce the highest-quality work most efficiently and effectively.

A formal performance-management program helps managers and employees see eye-to-eye about expectations, goals, and career progress, including how individuals' work aligns with the [company's](#) overall vision. Generally speaking, performance management views individuals in the context of the broader workplace system. In theory, you seek the [absolute performance standard](#), though that is considered unattainable.

## How Performance Management Works

Performance-management programs use traditional tools such as creating and measuring goals, [objectives](#), and milestones. They also aim to define what effective performance looks like and develop processes to measure performance. However, instead of using the traditional paradigm of year-end reviews, performance management turns *every* interaction with an employee into an occasion to learn.

Managers can use performance management tools to adjust workflow, recommend new courses of action, and make other decisions that will help employees achieve their objectives. In turn, this helps the company reach its goals and perform optimally. For example, the manager of a sales department gives her staff target revenue volumes that they must reach within a set period. In a performance management system, along with the numbers, the manager would offer guidance gauged to help the salespeople succeed.

## Why Performance Management Matters

Focusing on continuous [accountability](#) creates a healthier, more [transparent](#) work environment, and emphasis on regular meetings can improve overall communications. Because performance management establishes concrete rules, everyone has a clearer understanding of the expectations. When expectations are clear, the workplace is less stressful. Employees are not trying to impress a manager by doing some random task, and managers aren't worried about how to tell employees that they are not performing well. If the system is working, they probably know it already.

## Types of Performance-Management Programs

Although performance-management [software](#) packages exist, templates are generally customized for a specific company. Effective performance-

management programs, however, contain certain universal elements, such as the following:

- **Aligning employees' activities with the company's mission and goals.** Employees should understand how their goals contribute to the company's overall achievements.
- **Developing specific job-performance outcomes.** What goods or services does my job produce? What effect should my work have on the company? How should I interact with clients, colleagues, and supervisors? What procedures does my job entail?
- **Creating measurable performance-based expectations.** Employees should give input into how success is measured. Expectations include *results*—the goods and services an employee produces; *actions*—the processes an employee uses to make a product or perform a service; and *behaviors*—the demeanor and values an employee demonstrates at work.
- **Defining job-development plans.** Supervisors and employees together should define a job's duties. Employees should have a say in what types of new things they learn and how they can use their knowledge to the company's benefit.
- **Meeting regularly.** Instead of waiting for an [annual appraisal](#), managers and employees should engage actively year-round to evaluate progress.

#### Employee Performance Appraisal

The employee performance appraisal process is crucial for organizations to boost employee productivity and improve their outcomes. Performance appraisals are an annual process where an employee's performance and productivity is evaluated against a predetermined set of objectives.

[Performance management](#) is super important, not only because it is the determining factor in an employee's wage rise and promotion but also because it can evaluate an employee's skills, strengths, and shortcomings accurately.

However, the performance appraisal is rarely put to good use since existing performance appraisal methods fail to internalize employee performance results. To prevent performance appraisals from becoming nothing more than empty buzzwords, HR managers need to revamp their existing process and try implementing one of the six modern performance appraisal methods that are listed below.

#### Six modern performance appraisal methods

With the right performance appraisal method, organizations can enhance employee performance within the organization. A good employee performance review method can make the whole experience effective and rewarding.

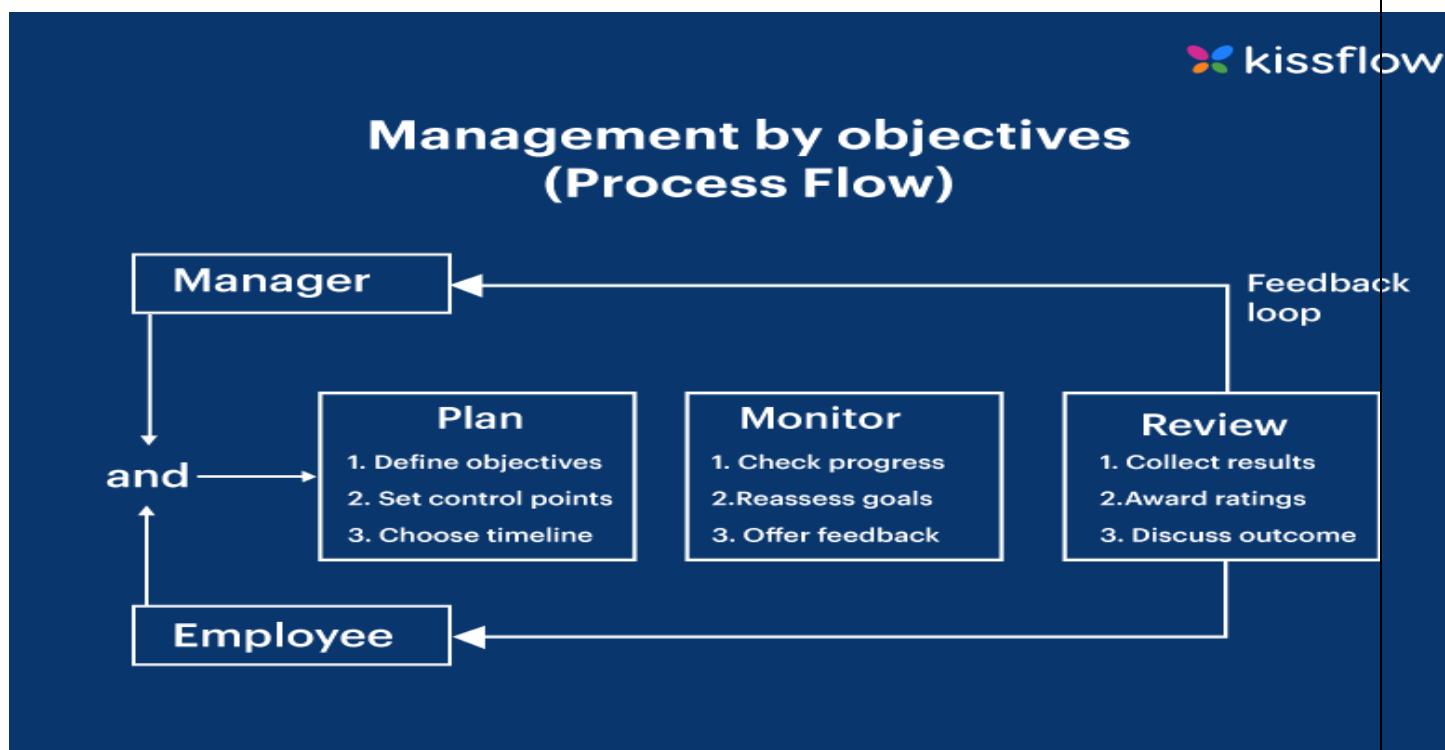
Here's a close look at the six most-used modern performance methods:

### 1. Management by Objectives (MBO)

Management by objectives (MBO) is the appraisal method where managers and employees together identify, plan, organize, and communicate objectives to focus on during a specific appraisal period. After setting clear goals, managers and subordinates periodically discuss the progress made to control and debate on the feasibility of achieving those set objectives.

This performance appraisal method is used to match the overarching organizational goals with objectives of employees effectively while validating objectives using the SMART method to see if the set objective is specific, measurable, achievable, realistic, and time-sensitive.

At the end of the review period (quarterly, half-yearly, or annual), employees are judged by their results. Success is rewarded with promotion and a salary hike whereas failure is dealt with transfer or further training. This process usually lays more stress on tangible goals and intangible aspects like interpersonal skills, commitment, etc. are often brushed under the rug.



Incorporating MBO into your performance management process

To ensure success, the MBO process needs to be embedded in the organizational-wide goal setting and appraisal process. By incorporating MBO into the performance

management process, businesses can improve employee's commitment, amplify chances for goal accomplishment, and enable employees to think futuristically.

Ideal for:

Measuring the quantitative and qualitative output of senior management like managers, directors, and executive (business of any size)

Common reason for failure:

Incomplete MBO program, inadequate corporate objectives, lack of top management involvement

Steps to implement a successful MBO program:

1. Every manager must have 5-10 goals expressed in specific, measurable terms
2. Manager can propose their goals in writing, which will be finalized after review
3. Each goal needs to include a description and a clear plan (list of tasks) to accomplish it
4. Determine how progress will be measured and how frequently (minimum quarterly)
5. List down corrective actions that will be taken if progress is not in accordance with plans
6. Ensure that goals at each level are related to the organizational objectives and levels above/below

Did you know?

Retail giant Walmart, uses an extensive MBO participatory approach to manage the performance of its top, middle, and first-line managers.

### .360-Degree Feedback

[\*\*360-degree feedback\*\*](#) is a multidimensional performance appraisal method that evaluates an employee using feedback collected from the employee's circle of influence namely managers, peers, customers, and direct reports. This method will not only eliminate bias in performance reviews but also offer a clear understanding of an individual's competence.

This appraisal method has five integral components like:

#### 1. *Self-appraisals*

Self-appraisals offer employees a chance to look back at their performance and understand their strengths and weaknesses. However, if self-appraisals are performed without structured forms or formal procedures, it can become lenient, fickle, and biased.

#### 2. *Managerial reviews*

Performance reviews done by managers are a part of the traditional and basic form of appraisals. These reviews must include individual employee ratings awarded by supervisors as well as the evaluation of a team or program done by senior managers.

### *3. Peer reviews*

As hierarchies move out of the organizational picture, coworkers get a unique perspective on the employee's performance making them the most relevant evaluator. These reviews help determine an employee's ability to work well with the team, take up initiatives, and be a reliable contributor. However, friendship or animosity between peers may end up distorting the final evaluation results.

### *4. Subordinates Appraising manager (SAM)*

This upward appraisal component of the 360-degree feedback is a delicate and significant step. Reportees tend to have the most unique perspective from a managerial point of view. However, reluctance or fear of retribution can skew appraisal results.

### *5. Customer or client reviews*

The client component of this phase can include either internal customers such as users of product within the organization or external customers who are not a part of the company but interact with this specific employee on a regular basis.

Customer reviews can evaluate the output of an employee better, however, these external users often do not see the impact of processes or policies on an employee's output.

Advantages of using 360-degree feedback:

- Increase the individual's awareness of how they perform and the impact it has on other stakeholders
- Serve as a key to initiate coaching, counselling, and career development activities
- Encourage employees to invest in self-development and embrace change management
- Integrate performance feedback with work culture and promote engagement

Ideal for:

Private sector organizations than public sector organisations as peer reviews at public sector organizations are more lenient.

Common reason for failure:

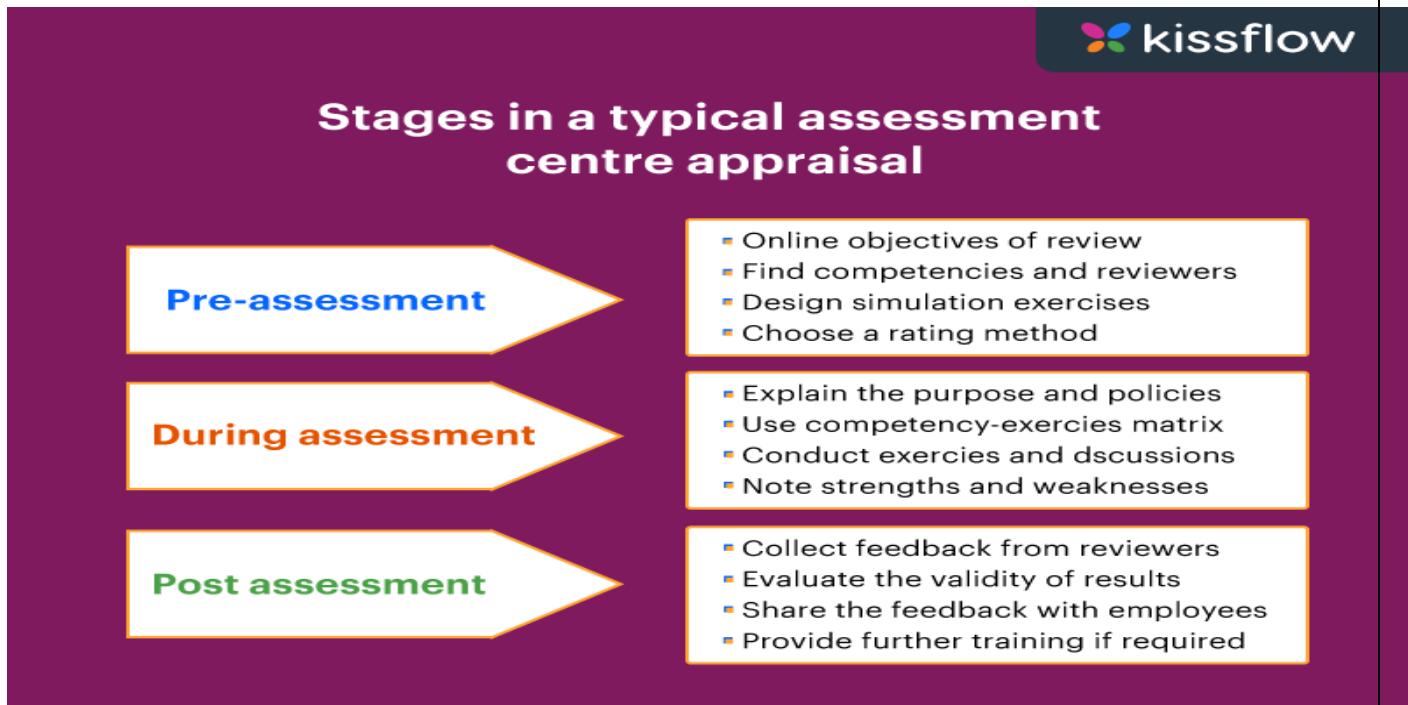
Leniency in review, cultural differences, competitiveness, ineffective planning, and misguided feedback

Did you know?

Top private organizations like RBS, Sainsbury's, and G4S are using 360-degree, multi-rater performance feedback to measure employee performance.

## **3. Assessment Centre Method**

The concept of assessment centre was introduced way back in 1930 by the [German Army](#) but it has been polished and tailored to fit today's environment. The assessment centre method enables employees to get a clear picture of how others observe them and the impact it has on their performance. The main advantage of this method is that it will not only assess the existing performance of an individual but also predict future job performance.



During the assessment, employees are asked to take part in social-simulation exercises like in-basket exercises, informal discussions, fact-finding exercises, decision-making problems, role-play, and other exercises that ensure success in a role. The major drawback of this approach is that it is a time and cost intensive process that is difficult to manage.

Advantages of the assessment centre method:

- Enhance a participant's knowledge, boost his/her thought process, and improve employee efficiency
- Can be tailored to fit different roles, competencies, and business needs
- Offer an insight of the employee's personality (ethics, tolerance, problem-solving skill, introversion/extroversion, adaptability, etc.)

Ideal for:

Manufacturing organizations, service-based companies, educational institutions, and consulting firms to identify future organizational leaders and managers.

Guidelines to implement assessment centre practice:

1. Use job analysis to determine the components of effective performance
2. Identify performance metrics that can be measured using this assessment center
3. Classify meaningful and relevant candidate behavior in the assessment process
4. Find assessment techniques that can ideally elicit ideal behavioral information
5. Spot assessors and assessee's excluding immediate supervisors
6. Provide thorough training to assessors and reviewers
7. Maintain a system of performance records for each candidate
8. Review records and reward employee or provide training accordingly



Did you know?

Microsoft, Philips, and several other organizations use the assessment centre practice to identify future leaders in their workforce.

#### 4. Behaviorally Anchored Rating Scale (BARS)

Behaviorally anchored rating scales (BARS) bring out both the qualitative and quantitative benefits in a performance appraisal process. BARS compares employee performance with specific behavioral examples that are anchored to numerical ratings.

Each performance level on a BAR scale is anchored by multiple BARS statements which describe common behaviors that an employee routinely exhibits. These statements act as a yardstick to measure an individual's performance against predetermined standards that are applicable to their role and job level.

The first step in BARS creation is generation of critical incidents that depict typical workplace behavior. The next step is editing these critical incidents into a common format and removing any redundancy. After normalization, the critical instances are randomized and assessed for effectiveness. Remaining critical incidents are used to create BARS and evaluate employee performance.

Advantages of using BARS:

- Enjoy clear standards, improved feedback, accurate performance analysis, and consistent evaluation
- Eliminate construct-irrelevant variance in performance appraisal ratings by emphasis more on specific, concrete, and observable behaviors
- Decrease any chance for bias and ensure fairness throughout the appraisal process

Ideal for:

Businesses of all sizes and industries can use BARS to assess the performance of their entire workforce from the entry level agent to c-suite executives

Common drawbacks of BARS:

1. High chance for subjectivity in evaluations
2. Hard to make compensation and promotion decisions
3. Time-consuming to create and implement
4. Demands more from managers and senior executives

## 5. Psychological Appraisals

Psychological appraisals come in handy to determine the hidden potential of employees. This method focuses on analyzing an employee's future performance rather than their past work. These appraisals are used to analyze seven major components of an employee's performance such as interpersonal skills, cognitive abilities, intellectual traits, leadership skills, personality traits, emotional quotient, and other related skills.

Qualified psychologists conduct a variety of tests (in-depth interviews, psychological tests, discussions, and more) to assess an employee effectively. However, it is a rather slow and complex process and the quality of results is highly dependent on the psychologist who administers the procedure.

Specific scenarios are taken into account while performing psychological appraisal. For instance, the way in which an employee deals with an aggressive customer can be used to appraise his/her persuasion skills, behavioral response, emotional response, and more.

Advantages of psychological appraisals:

1. Extract measurable, objective data about not just an employee's performance but also potential
2. Can be deployed easily when compared with other performance appraisal methods
3. Offer introverted or shy employees a platform to shine and prove their potential

Ideal for:

Large enterprises can use psychological appraisals for an array of reasons including development of leadership pipeline, team building, conflict resolutions, and more.

Common reasons for failure:

Absence of proper training, lack of trained professionals to administer reviews, and nervousness or anxiety of candidates can skew results.

Did you know?

Ford motors, Exxon Mobil, Procter & Gamble use psychological appraisals to test the personality and performance of their employees.

## 6. Human-Resource (Cost) Accounting Method

Human resource (cost) accounting method analyses an employee's performance through the monetary benefits he/she yields to the company. It is obtained by comparing the cost of retaining an employee (cost to company) and the monetary benefits (contributions) an organization has ascertained from that specific employee.

When an employee's performance is evaluated based on cost accounting methods, factors like unit-wise average service value, quality, overhead cost, interpersonal relationships, and more are taken into account. Its high-dependency on the cost and benefit analysis and the memory power of the reviewer is the drawback of human resources accounting method.

Advantages of the human cost accounting method:

- Effectively measure the cost and value that an employee brings to the organization
- Help identify the financial implications that an employee's performance has on the organization's bottom line

Ideal for:

Startups and small businesses where the performance of one employee can make or break the organization's success.

Implementation of human resource cost accounting method:

1. Identify the gap between the market and the current package of an employee
2. Determine the monetary and non-monetary value that an employee brings to the table
3. List down the things that an employee achieved in the review period (increase in the subscriber count, improvement in revenue, number of new deals won, etc.,)

A future-focused employee performance appraisal method

Choosing the right performance appraisal method is more critical than ever since it reflects what you think of your employees and how much you care about employee morale. Once you've found an ideal performance review method for your needs, the next step is implementing it properly to eliminate critical performance gaps and address pressing issues that impact ROI.

# Career Management Process

Career Management is a life-long process of investing resources to accomplish your future career goals. It is a continuing process that allows you to adapt to the changing demands of our dynamic economy. The career management process embraces various concepts: Self-awareness, career development planning/career exploration, life-long learning, and networking.

## Career Development Planning/Career Exploration

Career Development Planning is a process designed to help you to:

- Take the time to think about your job/career goals
- Focus on developing knowledge and skills for your current position and for future job opportunities
- Think about how you can utilize efficiently your strengths, talents, experience, and motivation – how can you use all of these aspects to increase your passion for work!
- Be the architect of your own career development plan – write your goals, make a decision to have a plan for your career development
- Discuss your career development goals with your manager

Once you have made a career decision, you need to plan how you will carry out that decision. A career plan provides vision, structure, direction, and motivation for your career management process.

## What do you think of Career Development Planning?

Usually, when we think of career management, we think of the goals or action items that we feel we need to do to move our careers forward. Often, we carry these thoughts around in our heads for long periods of time without ever writing them down. If we do write down our goals, they often take the form of a list and many times we lose motivation after writing our goals down, misplace the list, and attain only some of our goals. That is why this method of thinking and just writing your career goals is not a very motivating or reinforcing process!

It is far more effective, motivating, and productive to think of career planning as a process that allows us to envision our future careers and then provides us a path to follow in attaining our goals and realizing our dreams. Career planning is definitely not something that happens once or twice in one's career. By the contrary, it is a recurring process of taking the time to assess one's identity, setting new goals, creating new career horizons, and celebrating successes as one develops and becomes more knowledgeable and skilled.

You can use the [\*\*Individual Career Development Plan\*\*](#) template to start your planning process.

## **Life-long Learning**

Are you surprised to know how much of the daily work is now based around technology? Computers, smart phones, tablets and other technological devices have drastically affected the way in which we conduct work. The consequences of these advancements and innovations will quickly reflect through the economy, affecting many industries and catapulting others into the limelight. It is clearly up to you to be able to adapt to these ongoing innovations which will be directly related to how current you keep your knowledge and skills. You need to consider how to vary your learning investments in time, energy and resources. Examples may include: credentialed coursework, certificate programs (related to your career/interest), joining cutting edge projects/committees/task forces, attending conferences, or simply staying current in professional reading.

## **Networking**

As we have moved to an information, service and technological-oriented economy, our networking relationships have become essential assets. These relationships will be the source of information about how emerging fields and industries are evolving. In addition, personal and professional relationships will transcend specific companies, communities, and industries. Our ability to interact, respond and connect in our relationships will directly impact our present performance and future career opportunities.

Remember that keeping connected and knowing how to build good relationships are more important than ever before. These skills can be developed in applied communication courses, contact management software, effective listening and your authentic desire to know more people.

## **Career Development Philosophy**

*The University of California, Merced encourages employees to develop in ways that link to the strategic objectives of the campus. Career Development is a partnership between the employee, the supervisor or manager, and the University.*

- **Employees** – are responsible for proactively managing their careers, increasing their skills, experience, and maintaining a high level of performance.
- **Supervisors/Managers** – are responsible for actively encouraging and supporting staff in their career planning, using available resources, tools, and processes to help employees find the best match between their abilities and the needs of the organization.
- **The University** – is responsible for creating and providing opportunities for growth based on performance excellence, talent, and potential, and for encouraging mobility between job families and departments.



## MODULE-IV

### Introduction of Compensation Management:

Compensation administration is one of the most important areas of human resource management because sound compensation policies, programmes and their effective execution are essential to procure, maintain and develop the human resource of the organization to get effective result from them. It involves the selection, designing, development and direction of programmes designed to implement compensation or incentive policy through financial rewards. Beach has defined wage and salary administration as follows: "wage and salary administration refers to the establishment and implementation of sound policies and practices of employee compensation. It includes such areas as job evaluation, surveys of wages and salaries, analysis of relevant organizational problems, development and maintenance of wage structure, establishing rules for administering wages. Wage payments, incentives, profit sharing, wage changes and adjustments, supplementary payments, control of compensation costs and other related items". The traditional concept of wage and salary administration emphasized on only determination of wage and salary structures in organizational settings. In simple words, "compensation administration is a systematic procedure for establishing a sound compensation structure."



## COMPENSATION: THE CONCEPT

**Meaning of compensation:** Compensation may be viewed as a system of reward that motivates an employee to perform better.

The term compensation is used to mean employees' gross earnings in the form of financial rewards and benefits as part of employment relationship. In terms of human resource management, compensation is referred to as money and other benefits received by an employee for providing services to his employer. Compensation management, also known as wage and salary administration, remuneration management, or reward management, is concerned with designing and implementing total compensation package or salary structure.

Compensation may also be viewed as:

- (a) A system of rewards that motivates employees to perform the assigned task,
- (b) A tool used by organizations to foster the values, culture and the behavior they require, and
- (c) An instrument that enables organizations to achieve their business goals.

## **DEFINITION**

"Compensation means something, such as money, given or received as payment or reparation, as for a service or loss. Compensation may be defined as money received in the performance of work, plus the many kinds of benefits and services that organizations provide their employees."

"Compensation includes direct cash payments, indirect payments in the form of employee benefits and incentives to motivate employees to strive for higher levels of productivity"

– Cascio

"Compensation is the remuneration received by an employee in return of his/her contribution to the organization. It involves balancing the work employee relation by providing financial and non-financial benefits or incentives to employees."

## **TYPES OF COMPENSATION:**

Compensation can be classified into:

- (1) Financial compensation and
- (2) Non-Financial compensation.

Financial compensation includes Direct compensation and Indirect compensation.

The direct compensation is used to describe financial remuneration usually cash and includes such elements as basic pay, dearness allowance, overtime pay, shift allowance, incentive, bonus, profit sharing bonus and commissions, etc.

Indirect compensation or wage supplements or fringe benefits refer to such benefits as provident fund, pension scheme, medical and health insurance and sick leave and various other benefits and perks.

Non-financial compensation includes praise and recognition and satisfaction of employees.

## **NEED OF COMPENSATION MANAGEMENT**

The basic need of compensation management is to meet the needs of both employees and the employer. The employers want to pay as little as possible to keep their costs

low. Employees want to get as high as possible. The compensation management tries to balance between these two with following specific needs:

**1. Attracting and Retaining Personnel:** From organization's point of view, every organization wants new talent and skill from outside ,for this purpose the compensation management aims at attracting and retaining right personnel at right place in the organization time to time.

**2. Motivating Personnel:** Compensation management aims at motivating personnel for higher productivity. Compensation management can be designed to motivate people through monetary compensation.

**3. Optimizing Cost of Compensation:** Compensation management aims at Optimizing cost of compensation by establishing link performance with compensation.

**4. Consistency in Compensation:** Compensation management tries to achieve consistency-both internal and external-in compensating employees. Internal consistency involves payment on the basis of criticality of jobs and employees' performance on jobs. External consistency involves similar compensation for a job in all organizations.

## OBJECTIVES OF COMPENSATION MANAGEMENT

The basic objective of establishment of a sound compensation administration is to establish and maintain an equitable compensation structure.

Its secondary objective is the establishment and maintenance of an equitable labour-cost structure, an optimal balancing of conflicting personnel interests so that the satisfaction of employees and employers is maximized and conflicts minimized.

A sound compensation system tries to achieve these objectives:

### (a) For employees:

- 1. Employees are paid according to requirements of their jobs, i.e., highly skilled jobs are paid more compensation than low skilled jobs. This eliminates inequalities.
- 2. The chances of favouritism (which creep in when wage rates are assigned) are greatly minimized.
- 3. Job sequences and lines of promotion are established wherever they are applicable.

4. Employees' morale and motivation are increased because a wage programme can be explained and is based upon facts.

## (b) To employers:

1. They can systematically plan for and control their labor costs.
2. In dealing with a trade union, they can explain the basis of their wage programme because it is based upon a systematic analysis of job and wage facts.
3. A wage and salary administration reduces the likelihood of friction and grievances over wage inequities.
4. It enhances an employee's morale and motivation because adequate and fairly administered wages are basic to his wants and needs.
5. It attracts qualified employees by ensuring and adequate payment for all the jobs.

## COMPENSATION MANAGEMENT PROCESS

In order to achieve the objectives of compensation management, it should proceed as a process. This process has various sequential steps as shown:

- Establish a compensation policy
- Setting of organizational criteria about compensation
- Analysis of government policy
- Joint consultation with trade union
- Deciding fringe benefits
- Design and implementation of compensation policy
- Evaluation and Review

**Establish Compensation Policy:** Compensation policy is derived from organizational strategy and its policy on overall human resource management. In order to make compensation management to work effectively, the organization should clearly specify its compensation policy, which must include the basis for determining base compensation, incentives and benefits and various types of perquisites to various levels of employees. The policy should be linked with the organizational philosophy on human resources and strategy. Besides, this there must be emphasis on Job Analysis and Evaluation.

**Setting of Organization's Criteria:** Organization's overall criteria is the starting point in the total human resource management process including compensation management. Companies operating in different types of market/product having varying level of maturity, adopt different methods of different compensation plans according to employees performance. Thus, it can be seen that organizations follow different strategies in different market situations and align their compensation criteria and

contents with these methods. Cascio has observed that in viewing the compensation from strategic point of view, the companies do the following:

1. They recognize remuneration as a fundamental control and incentive mechanism that can be used flexibly by the management to attain business objectives.
2. They make the pay system an integral part of strategy formulation.
3. They integrate pay considerations into strategic decision-making processes, such as those that involve planning and control.
4. They view the company's performance as the ultimate criterion of the success of the strategic pay decisions and operational remuneration programmes.



**Analysis of Government policy:** Compensation plan is always formulated through various factors, both external and internal, which affect the operation of human resource management system. External factor includes conditions of human resource market, cost of living, level of economic development, social factors, pressure of trade unions and various labour laws dealing with compensation management in government policy whereas internal factors includes organization's ability to pay and employees' related factors such as work performance, seniority, skills, etc. These factors may be analyzed through wage/salary survey.

**Joint consultation with trade union:** After analyzing the government policy president of personnel department consult all over the plan with the representative of trade union.

**Deciding fringe benefits:** Fringe benefits are also set by the personnel department as per the level of job and their performance.

**It includes:** Meal facility, Pick and Drop facility, Medical facility, Insurance facility etc.

**Design and Implementation of Compensation Plan:** After analysis of above steps, the organization may be able to design its compensation plan incorporating base compensation with provision of wage/salary increase over the period of time, various incentive plans, benefits and perquisites. Sometimes, these are determined by external party, for example, pay commissions for Government employees as well as for public sector enterprises. After designing the compensation plan, it is implemented which requires its communication to employees and putting this into practice.

**Evaluation and Review:** Compensation management should have a provision for evaluating and reviewing the compensation plan. It is affected by a various factors like employee satisfaction and morale or in terms of end-result variable like increase of productivity. The evaluation of compensation plan must be done in this aspect. If it does not work, there should be review of the plan to give it a new picture.

# THE COMPENSATION PROGRAMME: FUNCTIONS AND RESPONSIBILITIES

The functions and responsibility in a compensation programme involves essentially three aspects:

- (1) The determination of wage rates and wage structure,
- (2) Maintaining the rationality of wage structure, and
- (3) Determining methods of wage payment.

A wage structure is a body of wage rates differentiated by difficulty or degree of responsibility of work in an organization. The wage rate is for a job rather than compensation to an individual.

'Equitable' wage structure or 'internal equity' implies that wage differentials reflect the degree of difficulty. In other words, the differences in wage rates for jobs correspond to differences in the evaluated contents of jobs.

The wage payment is determined by 'Job evaluation'. It is a systematic method of evaluating each job in relation to other jobs in an organization. It is a major method of ensuring equity in the internal rates for jobs.

In view of the complexity of factors, there is a need to define and develop the compensation function in an organization and determine its location and working. The functions and responsibilities of a compensation programme will be as follows:



- To formulate the compensation plan.
- To establish job evaluation program.
- To determine or establish the criteria for wages and salary.
- To analyze the government rules and regulation regarding the Compensation.
- To make policies for the compensation and update that policy time to time.
- To make policies for promotions.
- To make the policies for increasing the salary.
- To maintain the records of all employees of the organisation.
- To promote the team work.
- To make the performance appraisal system.
- To promote the value and culture system in the organization policy.
- To help the management for training and development programs.

The function should be operated by someone who has specialized knowledge and skill in compensation programmes. To ensure the effectiveness of the functionary, a coordinating committee should be constituted so that ultimately the objectives of a compensation programme can be achieved.

## **BASIC FACTORS IN DETERMINING PAY STRUCTURE:**

A company's pay structure is its method of administering its pay philosophy. The two leading types of pay structures are the internal equity method, which uses a tightly constructed grid to ensure that each job is compensated according to the jobs above and below it in a hierarchy and market pricing, where each job in an organization is tied to the prevailing market rate.

Pay or salary is a fixed amount of money or compensation paid to an employee by an employer in return for work performed. Salary is paid, most frequently, in a bi-weekly pay check to an exempt or professional employee.

**The following factors should be taken into consideration in determining wage and salary structure of workers:**

**(i) Labour Unions:**

The labour unions attempt to work and influence the wages primarily by regulating or affecting the supply of labour. The unions exert their influence for a higher wage and allowances through collective bargaining with the representatives of the management.

If they fail in their attempt to raise the wage and other allowances through collective bargaining, they resort to strike and other methods where by the supply of labour is restricted. This exerts a kind of influence on the employees to concerned test partially the demands of the labour unions.

**(ii) Personal perception of wage:**

Whether the wage is adequate and equitable depends not only upon the amount that is paid but also upon the perceptions and the views of the recipients of the wage. Even though the wage is above the going wage rate in the community if it is lower than that of fellow worker deemed inferior, it will be regarded as inequitable in the eyes of the recipients of the wage. A man's perception of the equity of his wage will undoubtedly affect his behaviour in joining and continuing in the organisation.

**(iii) Cost of living:**

Another important factor affecting the wage is the cost of living adjustments of wages. This approach tends to vary money wage depending upon the variations in the cost of living index following rise or fall in the general price level and consumer price index. It is an essential ingredient of long term labour contracts unless provision is made to reopen the wage clause periodically.

There are measurement problems both in ascertaining productivity and cost of living increases. This problem may lead to lack of understanding and unanimity on the part of the management and the workers.

**(iv) Government legislation:**

The laws passed and the labour policies formed by the Government have an important influence on wages and salaries paid by the employees. Wages and salaries can't be fixed below the level prescribed by the government. The laws on minimum wages, hours of

work, equal pay for equal work, payment of dearness and other allowances, payment of bonus, etc. have been enacted and enforced to bring about a measure of fairness in compensating the working class.

**(v) Ability to pay:**

Labour unions have often demanded an increase in wages on the basis that the firm is prosperous and able to pay. However, the fundamental determinants of the wage rate for the individual firm emanate from supply and demand. If the firm is marginal and cannot afford to pay competitive rates, its employees will generally leave it for better paying jobs. However, this adjustment is neither immediate nor perfect because of problems of labour immobility and lack of perfect knowledge of alternatives. If the firm is highly successful, there is little need to pay for more than the competitive rates to obtain personnel.

**(vi) Supply and demand:**

As stated earlier, the wage is a price for the services rendered by a worker or employee. The firm desires these services, and it must pay a price that will bring forth the supply, which is controlled by the individual worker or by a group of workers acting together through their unions. The practical result of the operation of this law of supply and demand is the creation of “going- wage rate”.

It is not practicable to draw demand and supply curves for each job in an organisation even though, theoretically, a separate curve exists for each job. But, in general, if anything works to decrease the supply of labour such as restriction by a particular labour union, there will be a tendency to increase the wage. The reverse of each situation is likely to

result in a decrease in employee wage, provided other factors, such as those discussed below, do not intervene.

**(vii) Productivity:**

Increasingly there is a trend towards gearing wage increases to productivity increases. Productivity is the key factor in the operations of a company. High wages and low costs are possible only when productivity increases appreciably. The above factors exercise a kind of general influence on wage rates. In addition, there are several factors which do affect the individual difference in wage rates.

**The most important factors which affect the individual differences in wage rates are:**

- (a) Worker's capacity and age;
- (b) Educational qualifications;
- (c) Worker experience;
- (d) Hazards involved in work;
- (e) Promotion possibilities;
- (f) The prevailing wage in the community;
- (g) Stability of employment;
- (h) Demand for the product; and
- (i) Profits or surplus earned by the organisation.

# Compensation / employee benefits

Employee benefits cover the indirect pay of your workforce. This can be health insurance, stock options, or any myriad of things offered to employees. While two jobs can offer the exact same salary, they can vary greatly in terms of benefits, hence making one offer a better financial proposition than the other. This highlights the importance of employee benefits in a job offer.

Some employee benefits are country-specific. In the US, for instance, health insurance is a key component of employee benefits packages and in France, many employees get restaurant vouchers for every workday.

Providing fair, performance-based compensation is an inextricable part of [human resource best practices](#). Compensation and benefits go together, with the former covering your employees' salary. For an in-depth article on this key element of Human Resource Management, check out our full guide on [Compensation and Benefits](#).

## What are the four major types of employee benefits

Traditionally, most benefits used to fall under one of the four major types of employee benefits, namely:



- Medical insurance
- Life insurance
- Retirement plans
- Disability insurance

Nowadays, however, the list of employee benefits continues to grow. We'll take a look at different examples of employee benefits below.

## Types of employee benefits every HR practitioner should know

In its 2019 Employee Happiness Index, HR tech company [Benify](#) distinguishes 4 categories of employee benefits:

- Benefits at work
- Benefits for health
- Benefits for financial security
- Lifestyle benefits

# Benefits at work

This includes working hours & leave, skills development, food & beverage, and employee clubs, activities & gifts.

## ***Working hours & leave***

Think of [flextime](#) here for instance. Flextime gives your employees the possibility to decide about their working hours and/or the location they want to work from. Other examples include additional holidays and, one of the other [benefits employees value most](#), paid parental leave.

## ***Skills development***

Rapid technological developments and the fact that people change jobs more often make skills development more important too. Skills development, however, is not just an important benefit for (younger) employees, it's also essential for organizations if they want to remain competitive.

## ***Food & Beverage***

We already mentioned the meal vouchers in France. Other benefits that fall into this category include free lunches, fruit, and coffee. At AIHR, we get to enjoy a free lunch every day and it's something that's very much appreciated by the team. As an added bonus, free lunch and fruit are also a good way to promote healthy eating habits at work.

## ***Employee clubs, activities & gifts***

There are heaps of possibilities when it comes to this category of the employee benefits package: knitting clubs, running groups, (video) game nights, Secret Santas, anniversary gifts, you name it.



# Benefits for health

Think of health and wellness and healthcare here.

## ***Health and wellness***

More and more companies have employee wellness programs. The possibilities are endless and [examples of employee wellness programs](#) vary from a simple gym membership to full suite solutions that include physical, mental and [financial wellness](#).

## ***Healthcare***

Healthcare benefits also come in different shapes and sizes. Think of physiotherapy and chiropractic sessions, for instance, but sometimes fertility treatments and psychological support can also be included.

## Benefits for financial security

The number one thing here are pension plans. Other benefits for financial security are insurances, financial benefits for employees, and personal finance benefits.

### **Pension plans**

Interestingly, according to the research study, pension plans are considered as a very important benefit by every generation, but they're not among the top ten most appreciated benefits.

### **Insurances**

As we mentioned above, in some countries health insurance is something that comes with the simple fact of being an employee. Other types of insurance benefits for employees cover parental leave or injury.

### **Financial benefits**

Think of commissions, bonuses and the possibility for employees to buy shares of the company they work for.

### **Personal finance benefits**

The Benify report too shows that stress about personal finances has grown bigger over the past year. Yet another reason for employers to seriously start thinking of benefits such as advice about loans and savings. In other words: [employee financial wellness](#).

## Lifestyle benefits

Lifestyle benefits consist of work-life balance and mobility.

### **Work-life balance**

As employees increasingly attach importance to their work-life balance, it's no surprise that benefits in this area become more popular too. Examples are childcare, grocery delivery, and legal services.

### **Mobility**

Mobility benefits can make your employees' life a lot easier. Because even if they can work from home or elsewhere, they'll still have to come into the office – or workplace – regularly. This category covers things like public transport and cars but also bicycles and carpooling.

## What types of employee benefits are most appreciated among the different generations

Different generations of workers (often) want different things. We've already seen this in our article about [generational differences in the workplace](#).

As each generation is in a different stage of their lives, it's no surprise that they tend to appreciate different types of employee benefits. After all, young Millennial parents have other priorities than a close-to-retirement Baby Boomer, right?

The Benify study separates employee benefits into two categories: those that employees find most *important* and those they most *appreciate*. Let's see what the overview looks like per generation.

Two things immediately stand out when we look at what benefits people find important. The first and perhaps the most obvious one is the fact that pension plans gain in importance as the generation gets older. This is something that makes sense as graduates who just entered the workforce probably won't be thinking about their retirement in 40+ years yet...

The second thing worth noticing here is skills development. Unsurprisingly, the development of new skills is more important for younger generations – as they will be more affected by technological developments – than it is for Baby Boomers.

Something that's important for all employees, regardless of their age, and that tops almost every list, are working hours and leave.

When we look at the benefits that are most *appreciated* by employees, the top 5 per generation looks slightly different. All of a sudden things like food & beverage and mobility pop up on various lists. The number one among pretty much every generation, however, is health & wellness.

It's interesting to see that financial wellness is something that the youngest generation in the workforce, Generation Z, has in its top five. As companies will increasingly hire people from Generation Z, financial wellness will probably become a more important employee benefit.

## Salient Features of the Workmen's Compensation Act, 1923

Workmen's Compensation Act was passed in the year 1923 and came into force from 1924. The provisions of this Act were made keeping in mind the hazardous nature of the job of miners, factory workers, transporters, railway servants, etc. This Act was

made to ensure the financial and social security of the employees who might get injured due to an accident caused during the course of their employment.

This article deals with the provisions and salient features of the Workmen's Compensation Act, dealing with the security of the workers as mentioned in Schedule II to the Act. The amount of compensation to be paid by the employer varies in case of different types of diseases and disablement. However, this Act does not extend to all the working class of the country, it only extends to those having jobs of a hazardous nature. The Union Armed Forces and the employees protected under the Employee's State Insurance Act, 1948 are not covered under this Act.

Every employee desires to have a safe and secure job and expects to get compensation in case any mishap happens during his/her employment. Providing such benefits to the employees and their families would not only give them a sense of security but also increase their motivation towards work. After all, a firm's goodwill and success depend largely upon the welfare of its employees. Therefore, the protection of its employees has to be a top priority for any firm.

## Introduction

Workmen's Compensation Act, 1923 was issued by the Central Government and was implemented by various State Governments to ensure social security for workers. It was enacted for the security of the workers whose nature of occupation is hazardous and has a risk to life or grievous injury during the course of employment such as factories, mines, plantations, construction work, railways, cruises, ships, transport establishments and other hazardous occupations and employments specified in Schedule II to the Act. This Act does not extend to the members of the Union's Armed Forces and all those employees who are protected under the Employees State Insurance Act, 1948. This Act is also applicable to the cooks employed in hotels and restaurants.

The Act was established after it was noticed that with the advancement of technology and usage of more sophisticated and complex machinery, labourers were becoming more prone to danger at the workplace. The common law, however, had the provision that if any industrial accident happens due to the negligence of the employer only then would he be liable to pay the compensation. In India, the problem of workmen's compensation after fatal and major injuries hit the track in the year 1884. The factory and mining inspectors found in 1885 that the Fatal Accidents Act, 1885, was not adequate to look after the intended purposes.

The foundation of the Workmen's Compensation Act, which was passed in March 1923 and came into effect on 1st July 1924, emphasises on the fact that the Central and State Government cannot be silent spectators to the misery of the working class employed in factories or enterprises that are susceptible to the various risks to their limbs and lives.

## Aims and Objectives of the Act

- The primary aim of this Act is to provide comprehensive coverage to workers for work-related injuries and disabilities. The Act focuses on providing workmen with a sustainable life after suffering any injury at the workplace during the course of employment.
- The second goal is to provide effective protection against loss of income. The cash incentives are meant to recover a large proportion of the lost wages of the disabled workers so that the previous quality of life can be maintained.
- Third objective is to provide the injured staff with sufficient medical treatment and recovery facilities. It requires employers to cover hospital, surgical, and other medical expenses incurred by injured workers and provide rehabilitation facilities to employees with disabilities to help them be returned to productive employment.
- Another aim is to promote employers to reduce work-related mishaps and develop effective safety measures. Organisations with superior accident rates pay comparatively lower workmen's compensation premiums as experience ranking is used to motivate the employers to minimize work-related accidents and illnesses.
- Workmen's compensation laws are, above all, designed to reduce litigation. Disabled employees are automatically paid compensation, without having to sue their employers. The goal is to reduce the number of lawsuits pending in court, which will help to minimize or eliminate legal fees charged to lawyers.

## Scope of the Act

The Act applies only to those industrially employed workers as specified in Schedule II of the Workmen's Compensation Act. The Act provides the workers with protection from losses or injury caused by accidents resulting from and during the course of employment subject to certain exceptions as set out in the Act.

## Employee's liability for compensation

In order to get compensation from the employer under the Workmen's Compensation Act, 1923 the following conditions should be fulfilled:

1. The worker's death or injury must result from an '*accident arising out of and in the course of his employment*'. However, the employee cannot hold the employer liable if the injury does not result in the *total or partial disablement* of the employee for a period exceeding 3 days; if the injury which does not result in death or permanent total disablement is caused due to accident directly attributable to the worker being under the influence of drink or drugs, or willful disobedience to an order expressly given, or a rule expressly framed, to ensure the safety of all the workers, or wilful removal or disregard of any safety guard with the knowledge of it being provided to secure the safety of the employees. [i]
2. The employee employed in any employment as specified in Part A, Part B or Part C of Schedule III to the Act contracts any disease specified therein as an *occupational disease* peculiar to that employment, the contracting of the disease shall be deemed to be an injury by accident unless the proved otherwise, the accident shall be deemed to have arisen out of and in the course of the employment. [ii]
3. The disease caused to the employee must be *directly attributable* to a specific injury by accident arising out of and in the course of his employment, otherwise, no compensation shall be payable by the employer. [iii]
4. The employee would not be entitled to confer any right to compensation in respect of any injury for anything contained under the Act if he *filed a suit in a Civil Court for damages* against the employer or any other person. [iv]

## **Applicability of the Act**

The applicability of the Act extends throughout India. [v] The words 'except the State of Jammu and Kashmir' were omitted by Act 51 of 1970. The Act does not apply to those areas which are being covered under the Employees State Insurance Act, 1948.

## **Salient Features of the Act**

### **I. Extent and Application:**

The Workmen's Compensation Act, 1923 is applicable to the whole of India. It also extends to the workers recruited by organisations/enterprises registered in India and sent abroad for work. It applies to:

1. All railway employees not permanently employed in any railway administrative, district, or sub-divisional office and who are not employed in any capacity as stated in Schedule II to the Act;
2. Persons employed in any capacity as stated in Schedule II to the Act. Schedule II covers people working in factories, mines, plantations, and mechanically

- propelled vehicles, building works, and several other hazardous occupations. A total of 48 jobs are listed in the Schedule; and
3. Persons working in jobs assigned by the State Government to Schedule U in the exercise of the powers bestowed upon them under Section 2(3) of the Act. A Statement indicating the additions made so far by various state governments is included in this relation (Annex-I).

Under the Act, there is no wage cap for coverage. Consequently, all employees employed in Scheduled employment, including the railway servants mentioned at point a) above, are covered by the Act.

## **II. Contingencies in which Compensation is Payable:**

Compensation is payable in case of temporary or permanent disability or death resulting from any injury caused during the course of the employment. The contracting of any disease as specified in Schedule III to the Act is considered to be an injury caused by accident.

## **III. Occupational Diseases:**

If an employee who is employed under the employment specified in Schedule III to the Act contracts some occupational disease peculiar to that employment, he is entitled to get the compensation under the Act.

The occupational diseases should be contracted in the specified employment while serving an employer. Schedule III divides the occupational diseases into three specified groups, Part-A, Part-B, Part-C in particular.

There is no qualifying period of employment for the diseases mentioned in Part-A. In the case of diseases specified in Part-B, a person should have been employed for a continuous period of no less than six months before contracting the disease in the specified employment.

The qualifying period is specified by the Central Government for the diseases listed in Part-C. The qualifying time for the diseases mentioned in the Part-C of the Schedule is as follows:

**Note:**

1. Where the monthly wages of an employee exceed Rs. 2000, his monthly wages for the purpose of a) and b) above shall be considered to be a mere Rs. 2000.
2. The minimum amount of compensation for permanent disability and death specified in the Act is Rs. 60,000 and Rs. 50,000 respectively. The estimated payout amount works out to Rs. 274,248.00 for permanent disability, and Rs. 228,540.00 for death.

**IV. Administration:**

The Act does not provide for Inspectors to be appointed. Under Section 32 of the Act, however, the State Governments/Union Territory Administrations shall frame rules to implement the purposes of the Act.

Originally the rulemaking power under the Act was vested in the Central Government, and the Workmen's Compensation Laws, 1924, was formulated in the exercise of these powers. Subsequently, some state governments framed their own laws under the Act.

In this relation, a declaration is attached showing the names of the States/UTs, which to date have framed the required rules under the Act (Annex-II). The remaining States/UTs are aware of how easily laws are laid down under the Act.

**V. Settlement of Claims under the Act:**

Compensation claims fall broadly into three groups, namely (i) uncontested cases of disablement; (ii) disputed cases of disablement, and (iii) fatal cases. The procedures for settling the three types of cases are as described below:

1. **Uncontested Cases:**
2. The employer is expected to pay for the medical examinations of the worker after he has given notice of the accident. The medical examination fee must be free of charge for the worker. These tests would show the nature of the disablement.
3. If the disability is of a temporary nature, the employer shall pay compensation in the form of half monthly payments, directly to the workers.
4. If the disability is of permanent nature the compensation amount, in such case, would be paid in a lump sum if he is a male over the age of 18 years. In the case of women and children, the employer must deposit, for disbursement, the amount of compensation with the Commissioner.

5. Where an employee has agreed to accept and has taken a smaller sum than that decided by the Act, his right to bring a proceeding for the balance shall be protected.
6. The agreement with the employee for lump sum payment, if any, must be registered with the Commissioner employer.
7. **Disputed Cases:**
8. In case the employer refuses to pay compensation or fails to pay the full sum owed, the employee in such a case has to write an application to the Commissioner for Workman's Compensation appointed by the State Government/Union Territory.

The application must be in the Form 'F\*' as prescribed in the Workman's Compensation Rules. An illiterate person may have the application prepared under the guidance of the Commissioner.

- A compensation claim shall be preferred before the Commissioner within 2 years from the occurrence of the accident or within 2 years from the date of death in the case of death. The incident is considered to have happened, in the case of contracting a disease, on the first day on which the workman was continually absent as a result of the impairment caused by the disease.
- **Fatal Cases:**
- The employer has to deposit the amount of the compensation due to the Commissioner for Workmen's Compensation. The Act explicitly provided that no payment rendered directly by the employer shall be considered a payment of compensation.
- The Commissioner shall distribute to the dependants the lump sum of the compensation in the proportion as he may desire.
- If the employer refuses to pay the compensation, the employee or dependent shall appeal to the Commissioner in the Form 'G' as prescribed by the Workmen's Compensation Rules for the matter of an order to pay the compensation.

## **VI. Extension of the provisions of the Workmen's Compensation Act to Hazardous Employment in Agriculture:**

The Workmen's Compensation Act of 1923 also refers to workers who are working by tractors or other contrivances powered by steam or other mechanical power or electricity etc. in agriculture. In March 1976, the State Governments of Andhra Pradesh, etc. were advised to consider, in compliance with the provisions of subsection (3) of Section 2 of the Act, the addition of the following employments to Schedule-II:

1. Employed in the clearing of jungles or in the reclaiming of land or wetlands in which more than twenty-five persons were working on any one day of the proceeding;
2. Employed in land cultivation or in the rearing and maintaining of live stocks or forest operations or fisheries in which more than twenty-five persons were working on any one day of the proceeding;
3. Employed, otherwise than in cleric, I capacity, in installation, maintenance, repair of pumping equipment used to raise water from wells, rivers, ponds, lakes, streams and so on;
4. Employed in the construction, boring or deepening of an open well / dug well, other than in clerical capacity, by means of mechanical techniques;
5. Employed in the construction, operating, repair or maintenance of a bore well, bore-cum-dug well, fitter point, etc., other than in clerical capacity;
6. Employed in agricultural operations/plantations for the spraying and dusting of insecticides or pesticides;
7. Employed in repair work and maintenance of bulldozers, power tillers, tractors, and other such carriers.

## Conclusion

The Workman Compensation Act, 1923 was established to provide insurance to employees who acquired/acquire injuries caused by accidents at the workplace. It ensures the protection of their rights and dignity as labourers. Employers are also obliged to pay compensation to workers who have suffered accidents that have resulted in disability or even death during jobs.

The Act is essentially designed for the workers to be able to get compensation from the employers when they incur damages for the injuries sustained during an incident. The fundamental law of Vicarious Liability applies in the Act. The employer is a master and the employee is a servant. The employee only seeks insurance when the accident happens in the course of employment and at work.

It is for providing the worker's social security against any injury or disease that resulted from an accident at the workplace. It is administered by respective State Governments and Union Territory Administrations. These authorities are required to appoint Commissioners for Workmen's Compensation for the smooth functioning of the Act and to provide everyone with a compensation for the losses suffered by them.

## **Sailent features of Minimum wages Act**

**Minimum wages have been defined as “the minimum amount of remuneration that an employer is required to pay wage earners for the work performed during a given period, which cannot be reduced by collective agreement or an individual contract”.**<sup>1</sup>

This definition refers to the binding nature of minimum wages, regardless of the method of fixing them. Minimum wages can be set by statute, decision of a competent authority, a wage board, a wage council, or by industrial or labour courts or tribunals. Minimum wages can also be set by giving the force of law to provisions of collective agreements.

The purpose of minimum wages is to protect workers against unduly low pay. They help ensure a just and equitable share of the fruits of progress to all, and a minimum living wage to all who are employed and in need of such protection. Minimum wages can also be one element of a policy to overcome poverty and reduce inequality, including those between men and women, by promoting the right to equal remuneration for work of equal value.

**Minimum wage systems should not be seen or used in isolation, but should be designed in a way to supplement and reinforce other social and employment policies. Several types of measures can be used to tackle income and labour market inequality, including pro-employment policies, social transfers, and creating an enabling environment for sustainable enterprises.**

The purpose of a minimum wage, which sets a floor, should also be distinguished from collective bargaining, which can be used to set wages above an existing floor. Figure 1 shows a hypothetical wage distribution with a "minimum wage zone" and a "collective bargaining zone" which can be used to establish minimum standards and to set wages above an existing floor.

Figure 2 illustrates that the effectiveness of minimum wages depends on many factors, including the extent to which they afford protection to all workers in an employment relationship, including women, and youth and migrant workers, regardless of their contractual arrangements, as well as all industries and occupations in the economy (coverage); whether they are set and adjusted at an adequate level that covers the needs of workers and their families, while taking into account economic factors (level); and whether employers comply with minimum wage regulations (compliance).

Minimum Wages Act 1948 came into force in India when India had recently gained its freedom. Labor laws made by the Britishers were exploitative in nature. Wages were low and different in every part of the country. There was no such thing as “Minimum Wages” and times were pretty bad for sweat labor.

## Minimum Wages Act 1948

It came to bring equality and justice to the blue-collar people. Pay fixing experts were guided by the standards recommended by the Fair Wage Committee in the settlement of issues identifying with wage problems in organized industries.

The Fair Wage committee explained the core of minimum wages, but they didn't say how to evaluate the minimum wage. The 15th session of the Indian Labor Conference explained the necessary physical requirements and health maintenance of the labors.

### Scope and Objective of the Minimum Wages Act

1. To safeguard that the employee has a basic physical necessity, proper health, and comfort.
2. Ensure that the labor gets fair wages.
3. To ensure that the labor lives a decent life and have a respectable name in society.

### Criteria for Fixing Minimum Wages

According to section 3 of the **Minimum Wages Act 1948** “The Appropriate Government” will fix minimum wages. Appropriate Government can include local, State and Central Government. This section sets the rate according to hours, days, months or any other wage period may be prescribed.

The rates to be fixed need not be uniform. Diverse rates can be fixed for various zones or areas. If the wages are fixed according to section 4 of the Payment of the Wages Act, 1936, the fixing will be done according to the Act.

### ***Minimum Wages are fixed according to the following criteria***

1. Time Rate – The minimum rate is fixed according to the duration of the work done by the labor.
2. Piece Rate – Here the minimum wage is fixed by the total number of pieces manufactured in the factory.
3. Overtime Rate – Here the minimum rate is fixed by the overtime done by the labor regardless of the time or piece rate.

### ***Wage Committee***

A wage committee shall be formed by the appropriate government, which shall consist of members from both the employer and employee side. Therefore, an independent person with having no interest in the employment scheme shall be appointed as the chairman of the wage committee. The appointment process in **the Minimum Wages Act** is made in this way so that there is no scope of discrimination to the labors.

### ***Advisory Board***

Section 7 of the **Minimum Wages Act**, the Advisory Board, which proposes recommendations and changes to be brought in labor laws. The advisory board proposes a recommendation to the State and Central Government in fixing the minimum wages.

According to Section 9 of the Act, it talks about the appointment of committees and subcommittees. The included members are:

1. A person appointed by the Appropriate Government.
2. Employers and employees, who belong to the scheduled employment and they shall be equal in number.
3. Independent persons and they shall not exceed one-third of the total number of members. An independent person will be appointed as chairman of the committee.



### ***Wages in Kind***

Section 11 says that the wages shall be paid in cash. If somewhere, the payment is done either wholly or partly and if it is a customary process, then in that case, the government through a notification in the official gazette shall enforce the payment partly or wholly.

### ***Consequences of Non – Compliance***

Non- compliance of the **Minimum wages act**, i.e not paying minimum wages is a culpable offense. Hence, violation of fixing hours also attracts the penal provision.

Imprisonment up to 5 years and a fine up to 10,000 is the maximum punishment that can be awarded. Section 22 of the Act defines the sanctions.

## **MODULE-V**

### ***Industrial relations:***

*Industrial relations may be defined as the relations and interactions in the industry particularly between the labour and management as a result of their composite attitudes and approaches in regard to the management of the affairs of the industry, for the betterment of not only the management and the workers but also of the industry and the economy as a whole.*

*The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship.*

*Industrial relation is the relation in the industry created by the diverse and complex attitudes and approaches of both management and workers in connection with the management of the industry.*

### **Meaning and Definition of Industrial Relations'**

The term 'Industrial Relations' comprises 'Industry' and 'relations'. Industry means any productive activity in which an individual is engaged. It includes- (a) primary activities like agriculture, fisheries, plantation, forestry, horticulture, mining etc. etc. and (b) Secondary activities like manufacturing, construction, trade, transport, commerce, banking, communication etc.

Economically speaking, industry means the secondary sector where factors of production (land, labour, capital and enterprise or four M's – men, materials, money and machines) are gainfully employed for the purpose of production, and where a business organisation exists.

'Relations' means 'the relations that exist in the industry between the employer and his work-force. Different authors have defined the term industrial relations in somewhat different way.

### **Some of the very oft-quoted definitions are given below:**

According to Bethel and Others, "Industrial relation is that part of management which is concerned with the manpower of the enterprise whether machine operator, skilled worker or manager."

Manpower of the enterprise can, thus, be classified as management and workers or employers and employees and industrial relations can, thus, be treated as relations between the employer and the workmen. According to V. Agnihotri, "The term industrial relations explains the relationship between employees and management which stem directly or indirectly from union-employer relationship."

According to V.B. Singh, "Industrial relations are an integral aspect of social relations arising out of employer- employee interaction in modern industries, which are regulated by the State in varying degrees, in conjunction with organised social forces and influenced by prevailing, institutions. This involves a study of the State, the legal system, workers' and employers' organisations on the institutional level; and that of patterns of industrial organisation (including management), capital structure (including technology), compensation of labour force and the forces of market on the economic level."

Thus, it covers all types of relations arising out of employer-employee interaction in the industry which are influenced by the power of the State and other social and economic institutions.

According to Ordway, Tead and Metcalf, "Industrial relation is the composite result of the attitudes and approaches of employers and employees towards each other with regard to planning, supervision, direction and coordination of the activities of an organisation with a minimum of human efforts and frictions with an animating spirit of cooperation and with proper regard for the genuine well-being of all members of that organisation."

According to T.N. Kapoor, "The term 'Industrial Relations' should be understood in the sense of labour- management relations as it percolates into a wider set of relationship touching extensively all aspects of labour such as union-policies, personnel policies and practices including wages, welfare and social security, service conditions, supervision and communication, collective bargaining etc., attitudes of parties and governmental action on labour matter."

**The following points emerge from the analysis of the above definitions:**

(1) Industrial relations are the relations which are the outcome of the 'employment relationship' in an industrial enterprise. It is, thus, employer-employee relationship in an industry. Two parties—employer and workmen are necessary without which such relationship cannot exist and it is the industry which provides the setting for industrial relations.

(2) Industrial relation is the relation in the industry created by the diverse and complex attitudes and approaches of both management and workers in connection with the management of the industry. Attitude refers to the mental state of a person, approach can be the external expression of such an attitude. Attitudes are always not obvious and the individual himself may not always be fully conscious of the attitudes.

Attitudes must be inferred from tone of verbal expressions or perhaps from the individual's overt behaviour. Attitude is the mental state of the individual which prepares him to take a particular, (external) approach or make him behave in a particular manner. Attitudes of both—employer and employees influence each other and determine natural relationship.

(3) This relationship emphasises on the process of accommodation whereby both the parties develop skills and methods of adjusting to and cooperating with each other.

(4) Industrial relation is not a simple relationship between the two parties but is a set of functional interdependence involving a number of factors, say, historical, economic social, psychological, demographic, technological, occupational, legal and others etc. It, therefore, requires an interdisciplinary approach for its study. In this context, industrial relations are the relations and interactions between management and workers and as a result of their composite attitudes and approaches.

(5) Every industrial relation creates a complex of rules and regulations to govern the work-place, the work- community with the main purpose of maintaining harmonious relations between the management and

the workmen by solving their problems through the process of collective bargaining.

The Government/State also regulates the industrial relations in the country. It evolves, influences and shape industrial relations through laws, rules, agreements, awards of the courts, and emphasises on the usages, customs, traditions, implementation of its policies and interference through executive and judicial machinery.

Industrial relations may, thus, be defined as the relations and interactions in the industry particularly between the labour and management as a result of their composite attitudes and approaches in regard to the management of the affairs of the industry, for the betterment of not only the management and the workers but also of the industry and the economy as a whole.

#### Industrial relations scope:

Industrial relations are relation between employee and employer in their day-to-day work. Hence, it is continuous relationship.

Relationship among employees, between employees and their superiors or managers.

(b) Collective relations between trade unions and management. It is called union-management relations.

(c) Collective relations among trade unions, employers' associations and government.

Scott, Clothier and Spiegel remarked that industrial relations has to attain the maximum individual development, desirable working relationships between management and employees and effective moulding of human resources. They have also asserted that either industrial relations or personnel administration is primarily concerned with all functions relating man effectively to his environment.

Thus, the scope of industrial relations seems to be very wide. It includes the establishment and maintenance of good personnel relations in the industry, ensuring manpower development, establishing a closer contact between persons connected with the

industry and that between the management and the workers, creating a sense of belonging in the minds of management, creating a mutual affection, responsibility and regard for each other, stimulating production as well as industrial and economic development, establishing a good industrial climate and peace and ultimately maximising social welfare.

## **OBJECTIVES:**

Two-fold objectives of good industrial relations are to preserve industrial peace and to secure industrial co-operation.

If we have to establish industrial peace, the workers must be assured of fair wages, good conditions of work, reasonable working hours, holidays and minimum amenities of life.

Industry can be defined as a venture of co-operation under the direction of the management to secure the effective co-ordination of men, materials, and machinery and money.

The objectives of good industrial relations should be development and progress of industry; through democratic methods, stability, total wellbeing and happiness of the workers; and industrial peace.

Industrial peace is the fruit of good industrial relations. It is the harmonious atmosphere where there is no “inquiries”, no strikes and no industrial disputes.

Regional prejudices, provincialism and clannishness have no place where good industrial relations prevail.

The primary objective of industrial relations is to bring about good and healthy relations between the two partners in the industry i.e., the management and the labour.

The Labour Management Committee of the Asian Regional Conference of the ILO has recognized certain fundamental principles as objectives of social policy in governing industrial relations with a view to establishing harmonious labour management relations.

## **They are:**

- (i) Good labour management relations in an industry depend upon employers and trade unions being able to resolve their problems mutually, freely, independently and responsibly.
- (ii) The trade unions and employers and their organisation must be desirous of resolving their problems mutually through the process of collective bargaining. However, the assistance of appropriate government agencies may be sought in resolving the problem, whenever necessary in the public interest. Collective bargaining, therefore, is the corner-stone of good relations and appropriate legislative measures must be adopted to aid the maximum use of this process of accommodation.



- (iii) The workers' and employers' organisations should be desirous of associating with government agencies keeping in view the social public, economic and general measures affecting the relations between the two parties.



The committee, therefore, emphasized the need for the management to acquire the fuller understanding of human factor in production and must use the appropriate methods of employees' selection, promotion and training, wage administration work rules and labour discipline, lay-off and dismissal procedures etc. and other policies and procedures and practices to improve labour and personnel relations.

## INDUSTRIAL RELATIONS TYPES

The industrial relations is chiefly concerned with the management and the workers relations or employer-employees relations. But its scope is not limited only to this aspect. It also includes labour relations i.e., relations between workers themselves or between various groups of workers and public or community relations i.e., relations between the community or society and the industry.

There are so many groups of workers in an industry like workmen, supervisory staff, management and employer and harmonious relationship between various groups that affects the social, economic and political life of the whole community. Thus, industrial life creates a series of social relationships which regulate the relations and working together of not only workmen and management but also of community and industry.

Good industrial relations not only indicate the cordial atmosphere in the industry but also facilitate higher and quality production and industrial growth.

**Thus, industrial relations include four types of relations:**

- (i) Labour relations i.e., relations between union- management (also known as labour management relations);
- (ii) Group relations i.e., relations between various groups of workmen i.e., workmen, supervisors, technical persons, etc.
- (iii) Employer-employee relations i.e., relations between the management and employees. It denotes all management employer relations except the union- management relations;
- (iv) Community or Public relations i.e., relations between the industry and the society.

The last two are generally, not regarded the subject matter of study under industrial relations. They form part of the larger discipline—

sociology. The first two are studied under industrial relations but these two i.e., labour management relations and employer-employee relations are synonymously used.

### **The salient characteristics of industrial relations are discussed herein below:**

#### **1. Parties in the Industrial Relations Activities:**

Basically, two parties-workers and management are involved in the process of establishing relations. However, the government agencies regulate /maintain industrial relations.

#### **2. Interactive Process:**

Industrial relations arise out interactions between different persons/parties. They are supervisors, workers trade unions, employers' associations.

So, interactive process takes place between –

- i. Supervisors and industrial workers
- ii. Supervisors and group/team members
- iii. Management and trade union leaders
- iv. Employers' federations and workers' unions.

#### **3. Two-Way Communication:**

IRs is a two-way communication process. One party gives stimuli, other party responds to the stimuli. So, the transaction occurring through such mechanism is either complementary or cross. More the complementary transactions, better will be the industrial relations situations.

#### **4. HRM Practices:**

Effective human resource planning system, identification and stimulating prospective employees, designing the most suitable selection technique to choose the right kind of people help to organization to get a committed and willing workforce that want to grow, develop and achieve. Such employees in the process like to develop better relations with their bosses. So, HRM practices influence IRs pattern in the industry.

#### **5. Approaches to IRs:**

Various approaches contribute to shape IRs pattern in industrial organizations. These approaches include sociological, psychological, socio-ethical, human relations, Gandhian, system approaches etc.

### **6. State Intervention:**

State plays a vital role to influence industrial relations situations through its activities as facilitator, guide, counsellor for both the parties in the industry.

### **7. Role of Trade Union:**

Behavioural manifestations of workers are mostly governed by the trade unions to which they belong. Hence, trade union's perception, attitudes towards management influence workers to form their mind set that regulates/promotes interaction with the management.

### **8. Organizational Climate:**

If, congenial and conducive organizational climate prevails, workers feel homely, interact spontaneously, communicate boss about their problems, difficulties directly and come close to him to exchange/share the views each other in respect of work, change of job design, introduction of any operative system, process etc. Under such situation, possibility of establishing healthy human relations develops and these relations influence industrial relations pattern of organization.

### **9. Dispute Settlement Process:**

If, the management personnel believe on the philosophy of settling workers' grievances/ disputes through bi-lateral negotiation process, they give much more emphasis on mutual talk, sharing responsibility, collaboration, partnership dealing and mutual trust. In the process changes in workers' attitudes, behaviour and thought pattern are likely to occur which effect industrial relations.

### **10. Outcomes of IRs:**

Outcomes of IRs are reflected in production both in quantity and quality, services, man days lost, wastes, accident rate, productivity, labour turnover rate, absenteeism rate, number of bipartite negotiations, company's image, growth, development etc.

### **11. Competency Development:**

Healthy industrial relations help to develop workers' skill, knowledge, ability, aptitude and change their attitudes, perception to enable them

to participate in collaborative activities / collective bargaining process effectively.

## **12. Issues in IRs:**

Industrial relations climate / situation is greatly influenced by the issues-economic, non-economic governed by service contract / terms and conditions of employment. Besides, the issues not covered under service rules viz., behavioural, and attitudinal issues influence IRs pattern.

Good industrial relations depend upon a large number of factors/conditions.

### **1. History of Industrial Relations in an Enterprise:**

Every industry moves ahead with its good or bad history of industrial relations. Harmonious relationship between the workers and management marks the good history of the enterprise. While strikes and lockout characterise the bad history of the business. History, good or bad, established once will take time to change.

Once militancy (strikes, lockouts etc.,) is established as a conduct of operations, there is a tendency to continue. If harmonious relationships are established, it will perpetuate. This, however, does not mean that militancy situation cannot be converted into a harmonious relationships or vice-versa. Rather what it means is that probability of peaceful relations is greater where mutual understanding exists – and the probability of conflict is greater when industrial conflict has been accepted as a normal conduct of business.

### **2. Strong Trade Unions:**

Strong and enlightened trade unions help to promote the status of labour without jeopardising the interest of management. Trade unions maintain good relations with management and avoid militancy and strikes situation. Enlightened trade unions induce the workers to produce more and persuade the management to pay more.

They mobilize public opinion on vital labour issues and help the government in enacting progressive labour laws. They develop right

kind of leadership, avoid multiplicity of unionism and union rivalry. Hence, a strong, responsible and enlightened trade union promote healthy industrial relations.

### **3. Negotiating Skills of Management and Workers:**

Well experienced and skillful negotiations create a bargaining environment conducive to the equitable collective agreements. The representatives of management and workers must recognize the human element involved in collective bargaining process.

Both parties must have trust and confidence in each other. They should be able to perceive a problem from the opposite angle with an open mind. A constructive and positive approach from both the parties must be present to honour the agreements in the right spirit.

### **4. Economic Factors:**

Economic satisfaction of workers is one of the important condition for good industrial relations. Reasonable wages and benefits in commensurate with other industries must be paid by the employer. Economic need is the basic survival need of the workers.

### **5. Social Factors:**

Social factors such as – social values, social groups and social status also influence the industrial relations. The employment relationship is not just an economic contract. It is a joint venture involving a climate of human and social relationships wherein each party (workers and management) fulfills his needs and contributes to the needs of others. The supportive climate is essentially built around social factors. The influence of social factors gets changed with the progress of industrialisation.

### **6. Psychological Factors:**

The psychological factors such as motivation, alienation and morale are significant determinants of industrial relations. The relationship between workers and management would be more stable and sure if the needs and expectations of the workers are integrated with the goals of the enterprise.

Workers should understand that their interests get furthered when organisational goals are achieved. Cordial and collective relations create an environment of power relationships, where everyone will be motivated to offer their best towards the attainment of goals.

### **7. Public Policy and Legislation:**

The regulation of employer- employee relationship by the government is another important factor for the smooth industrial relations.

Government intervenes the relationships by enacting and enforcing labour laws. Government intervention checks and balances upon the arbitrary management action.

It also provides a formal measure to the workers and employers to give emotional release to their dissatisfaction. Timely intervention by the government can catch and solve problems before they become amounting serious.

### **8. Off the Job Conditions:**

Living conditions of workers are also important. The industry appoints the 'whole person'. His personal and home life is inseparable from his work life. His personal optional conditions do affect on his efficiency and productivity. So off-the-job conditions of workers must be taken care of and improved to develop good industrial relations at the work place.

### **9. Better Education:**

Industrial workers in India are generally illiterate. They can be easily misled by the trade union leaders who have their self-interest.

Workers must be properly educated to understand the prevailing industrial environment. They must have a problem solving approach and a capability to analyse the things in the right perspective. They must be aware of their responsibility towards the organisation and the community at large.

### **10. Business Cycles:**

Industrial relations are good when there is boom and prosperity all round. Levels of employment go up, wages rise and workers are more

happy in prosperity period. But during recession, there is decline in wages and fall in employment level. Such recessionary conditions mars the good industrial relations. Thus business cycles also influence the existence of healthy industrial relations.

To sum up, the establishment of good industrial relations depends upon the constructive approach of both the management and the trade union. Mutual respect, understanding, goodwill and recognition of dignity are the essential conditions for healthy industrial relations. Promotion of collective bargaining and establishment of a fair and independent machinery for the peaceful settlement of industrial disputes are the pre-requisites for good industrial relations in the modern industrialised world.

### **Dunlop's Industrial Relations System Model- Four Interrelated Elements:**

#### **i. Actors:**

- a. Specialized government agencies.
- b. Management, non-managerial employees and their representatives.

#### **ii. Shared Ideology:**

- a. Beliefs within the system which not only define the role of each actor or groups of actors but also define the view that they have of the role of other actors in the system. If the view is compatible-stable IR system and other wise.
- b. Set of ideas and beliefs held by the actors.
- c. Helps to bind or integrate the system together.

#### **iii. Contexts:**

Influence and constraints on the decisions of the actors which emanate from other parts of society, such as technology, market, budgetary and the locus of power in the society.

#### **iv. Rules:**

- (i) Procedural
- (ii) Substantive
- (iii) Distributive
- (iv) The regulatory framework developed by a range of process and presented in variety of forms which expresses the terms and nature of the employment relationship.

#### **Criticisms of the Dunlop Model:**

- (i) Descriptive
- (ii) Lacks ability to predict outcomes/ relationships
- (iii) Underestimates importance of power and conflict in employment relationship
- (iv) Static.
- (v) Cannot explain rapid decrease in unionization especially in the U.S.

#### **2. Craig's Industrial Relations System Model:**

- (i) Adds an actor- end user
- (ii) Elements from the external environment converted into outputs
- (iii) Series of conversion mechanisms
- (iv) Outputs flow back into the environment through a feedback loop

#### **External Inputs:**

- (i) Legal Subsystem
- (ii) Economics Subsystem
- (iii) Ecological Subsystem
- (iv) Political Subsystem

(v) Socio-cultural Subsystem

**Internal Inputs:**

- (i) Goals- Sought by actors
- (ii) Strategies- Processes developed and implemented to achieve goals
- (iii) Power- The ability to make another actor agree to your terms

**Conversion Mechanisms:**

- (i) Processes actors use to convert internal and external inputs into outputs
- (ii) Collective bargaining
- (iii) Produces a collective agreement
- (iv) Grievances
- (v) Written complaint by employees
- (vi) Alleges collective agreement not been followed
- (vii) Day to day relations-communication

**Third-Party Interventions:**

- (i) Interest arbitration
- (ii) Mediation
- (iii) Grievance arbitration
- (iv) Conciliation
- (v) Fact-finding
- (vi) mediation/arbitration
- (vii) strikes/lockouts

(viii) Joint committees

**Outputs:**

- (i) Management outcomes
- (ii) Productivity, profitability
- (iii) Labour outcomes
- (iv) Equity issues, ways to achieve fairness in the workplace
- (v) Worker perceptions
- (vi) Work climate
- (vii) Employee morale
- (viii) Organizational commitment
- (ix) Union satisfaction/commitment
- (x) Conflict or conflict resolution

An economy organised for planned production and distribution, aiming at the realization of social justice and welfare of the masses can function effectively only in an atmosphere of industrial peace. If the twin objectives of rapid national development and increased social justice are to be achieved, there must be harmonious relationship between management and labour.

**The impact of good industrial relations on production may be seen from the following facts:**

***(1) Reduces Industrial Disputes:***

Good industrial relations reduce the industrial disputes. Disputes are reflections of the failure of basic human urges or motivations to secure adequate satisfaction or expression which are fully cured by good

industrial relations. Strikes, lockouts, go-slow tactics, gheraos and grievances are some of the reflections of industrial unrest which do not spring up in an atmosphere of industrial peace. It helps in promoting co-operation and increasing production.

**(2) High Morale:**

Good industrial relations improve the morale of the employees. Employees work with great zeal with the feeling in mind that the interest of employer and employees is one and the same, i.e., to increase production. Every worker feels that he is a co-owner of the industry. The employer in his turn must realize that the gains of industry are not for him alone but they should be shared equally and generously with his workers.

In other words, complete unity of thought and action is the main achievement of industrial peace. It increases the place of workers in the society and their ego is satisfied. It naturally affects production because a mighty co-operative effort alone can produce great results.

**(3) New Programme:**

New programme for workers development are introduced in an atmosphere of peace such as training facilities, labour welfare facilities etc. It increases the efficiency of workers resulting in higher and better production at lower costs.

**(4) Mental Revolution:**

The main object of industrial relation is a complete mental revolution of workers and employers. The industrial peace lies ultimately in a transformed outlook on the part of both. It is the business of leadership in the ranks of workers, employees and Government to work out a new relationship in consonance with a spirit of democracy. Both should think themselves as partners of the industry and the role of workers in such a partnership should be recognised. On the other hand, workers must recognise employer's authority. It will naturally have impact on production because they recognise the interest of each other.

**(5) Reduced Wastage:**

Good industrial relations are maintained on the basis of cooperation and recognition of each other. It will help increase production.

Wastage of man, material and machines are reduced to the minimum and thus national interest is protected.

Thus from the above discussion it is evident that good industrial relation is the basis of higher production with minimum cost and higher profits. It also results in increased efficiency of workers. New and new projects are introduced for the welfare of the workers and to promote the morale of the people at work.

## **LABOUR MOVEMENT IN INDIA**

In a globalised world, it is equally important to protect the interests of workers along with that of industrialists.

At a time when the Government of India is trying to bring many labour reforms, it is important to know the history of **labour unions**, popularly known as **trade unions**.

### **What are labour unions or trade unions?**

A trade union can be defined as an organised association of workers in a trade or profession, formed to further their rights and interests. In India, Trade Unions in India are registered under the **Trade Union Act (1926)**.

Trade unions are interested in the economic and social welfare of the workers. Labour unions may also have political interests in the larger society.

### **Growth of labour unions in India: 6-phases**

Growth of Trade union movement in India was an organic process. It started towards the tail end of the nineteenth century and continues to date. It closely follows the development of Industry in India.

In India, now there are more than 16,000 trade unions with a collective membership of around 1 crore (10 million) labourers.

The growth of labour unions in India can be roughly classified into six phases.

## Pre-1918: The genesis of the labour movement in India

After the setting up of textile and jute mills coupled with the laying of railways in the 1850s, worker atrocities started to come to light.

Though the origin of labour movements was traced to the 1860s, first labour agitation in the history of India occurred in Bombay, 1875. It was organised under the leadership of S.S Bengalee. It concentrated on the plight of workers, especially women and children. This led to the appointment of the first Factory commission, 1875. Consequently, the first factories act was passed in 1881.

In 1890, M.N Lokhande established **Bombay Mill Hands Association**. This was the **first organised labour union in India**.

Following this, different organisations were established across India.

Features of the labour movements in this era:

- Leadership was provided by social reformers and not by the workers themselves.
- The movements in this era mainly concentrated on the welfare of workers rather than asserting their rights.
- They were organised, but there was no pan India presence.
- A strong intellectual foundation or agenda was missing.
- Their demands revolved around issues like that of women and children workers.

## 1918-1924: The early trade union phase

This period marked the birth of true trade union movement in India. It was organised along the lines of unions in the industrialised world.

The deteriorated living conditions caused by the first world war and the exposure with the outside world resulted in heightened class consciousness amongst the workers. This provided fertile ground to the development of the movement. This period is known as the early trade union period.

Important unions: Ahmedabad Textile Labour Association (1917) led by Smt. Anasuyaben Sarabhai, All India Postal and RMS Association, Madras Labour Union led by B.P Wadia etc.

**AITUC**, the oldest trade union federation in India was set up in **1920**. It was founded by Lala Lajpat Rai, Joseph Baptista, N.M Joshi and Diwan Chaman Lall. Lajpat Rai was elected the first president of AITUC.

Factors that influenced the growth of the movement:

- Spiralling prices during War and the mass entrenchment of workers that followed it led to low living standards. Also, the wretched working conditions added to their woes. Hence, they sought collective bargaining power through unionisation.
- Development of Home Rule, the emergence of Gandhian leadership and the socio-political conditions led to the nationalist leadership taking interest in the worker's plight. Workers, in turn, was looking for professional leadership and guidance.
- Russian revolution and other international developments (like setting up of International Labour Organisation in 1919) boosted their morale.

### 1925-1934: Period of left-wing trade unionism

This era was marked by increasing militancy and a revolutionary approach. It also saw multiple split-ups in the movement. Leaders like N.M Joshi and V.V Giri was instrumental in moderating the movement and further integrating it with the nationalist mainstream.

AITUC split up multiple times paving way for the formation of organisations like National Trade Union Federation (NTUF) and All India Red Trade Union Congress (AIRTUC). However, the need for unity was felt and they all merged with the AITUC in the next phase.

The government was also receptive to the trade union movement. Legislations like the **Trade Unions Act, 1926** and the **Trade Disputes Act, 1929** gave a fillip to its growth. It bestowed many rights to the unions in return for certain obligations. This period was marked by the dominance of the left. Hence, it may be referred to as the period of **left-wing trade unionism**.

### **1935-1938: The Congress interregnum**

This phase was marked by greater unity between different unions. Indian National Congress was in power in most of the provinces by 1937. This led to more and more unions coming forward and getting involved with the nationalist movement. In 1935, AIRTUC merged with AITUC. Different legislations were passed by provincial governments that gave more power and recognition to the trade unions.

The approach of Congress ministries was that of promoting worker interests while protecting industrial peace. Reconciliation of labour with capital was seen as an aim, with ministries working towards securing wage rise and better living conditions. However, many ministries treated strikes as law and order issues. They used colonial machinery to suppress it. This led to considerable resentment from the unions.

### **1939-1946: Period of labour activism**

The Second World War lowered standard of living for the workers further and this led to the strengthening of the movement. The question of war effort created a rift between the Communists and the Congress. This, coupled with other issues, led to further split in the movement. However, the movement as a whole got stronger due to the compounding issues. This included mass entrenchment post-war and the massive price rise that accompanied it.

Laws like **Industrial Employment Act, 1946** and **Bombay Industrial Relations Act, 1946** contributed to strengthening the trade union movement. In general, the movements got more vocal and involved in the national movement.

### **1947-present: Post-independence trade unionism**

It was marked by the proliferation of unions. **INTUC** was formed in May 1947 under the aegis of Sardar Vallabhbhai Patel. Since then, the AITUC has come to be dominated by the Communists. Hind Mazdoor Sabha was formed in 1948 under the banner of Praja Socialist Party. Later on, it came under the influence of Socialists. Bharatiya Mazdoor Sangh was founded in 1955 and is currently affiliated to the BJP.

Post-independence, trade unions became increasingly tied with party politics. Rise of regional parties has led to a proliferation in their numbers with each

party opting to create its trade union. However, their influence has been somewhat reduced after the liberalisation post-1991. Issues like labour code reforms and minimum wage remains a political hot potato due to the opposition from the trade union leadership.

Post-independence, India has also witnessed different unions coming together to address a common issue. These include the crippling railway strike of 1974 and the Great Bombay textile strike, 1982. However, such strikes are seen to get less public support post-1991. There is also an increased focus on informal labour. This is due to the particularly vulnerable situation of unorganised labour. All major trade unions have registered an increase in their membership from the unorganised sector.

### Problems faced by the labour movement post Independence



- **Uneven growth:** They are concentrated in the metropolises, largely catering to organised sector. Rural Agricultural labour and small scale labour are grossly underrepresented.
- **Low membership:** Trade union membership is growing, but the vast majority of India's labour is not part of any trade unions. This reduces their collective bargaining power.
- **Weak financial position:** Membership fees are set too low (25 paise) by the Trade Union Act, 1926. They are particularly disadvantaged against corporate lobbying groups that are flush with cash.
- **Political leadership:** Careerist politicians and vested political agenda mean that worker interests are sidelined. Since the leadership may not be from the labour force, they are held captive to party politics. This lead to further exploitation.
- **The multiplicity of unions:** Bargaining power is diluted and it is easy for employers to divert the attention of the labour.
- **Inter-union rivalry:** There are conflicts of interest and party politics between the unions.
- **The problem of recognition:** Employers are under no obligation to give them recognition. This means that docile unions get recognition and genuine ones may be sidelined.
- **Diverse nature of labour:** Most unions don't have properly differentiated organisational structure to cater to different classes of labour. Eg: Differences between agricultural, formal and informal labour.

- **Lack of public support:** Especially post 1991, trade unionism is looked down as an impediment to growth and development. This has led to a general ebbing of the movement across the country.

## Major Labour Unions and their Political Affiliation

1. All India Trade Union Congress – Communist Party of India.
2. Indian National Trade Union Congress – Indian National Congress.
3. Bhartiya Mazdoor Sangh – Bharatiya Janata Party.
4. Centre for Indian Trade Unions – CPI(M).
5. Hind Mazdoor Sabha – Samajwadi Party.
6. Self Employed Women's Association – Unaffiliated.



## The Significance of Trade unions in a Capitalist Society

India's decisive shift towards market-led growth post-1991 has raised a lot of questions about the role of labour unions. Often, they are seen as an impediment to industrialisation and investment. However, their role is indispensable in balancing workers' interests with that of investors. They also keep a check on the sustainability of business practices, including ethics.

Hence, they play an important role in getting support for worker interests from the larger society. They also mobilise opinions in favour of labour. They are also instrumental in organising democratic protests and avoid movements getting overly militaristic. Democratic trade unionism is also a must in avoiding workers coming under the influence of radical and anti-national elements. This is particularly important in the environment of rising socio-economic inequality post liberalisation.

## Ease of Doing Business vs Competitiveness of the labour market

The Government of India is focussed attract investments by making the nation business-friendly.

**The competitiveness of its labour market** is a major area of worry where India is currently ranked **103 out of 141** countries by the World Economic Forum.

## **Labour Reforms**

There are numerous labour laws in India – more than 40. As part of labour reform initiatives, the labour ministry has decided to amalgamate **44 labour laws** into **four labour codes** — on wages, industrial relations, social security and safety, health and working conditions.

These are a slew of legislation aimed at reforming and simplifying the labour law regime in the country. According to the government, all major labour unions were consulted in the process.

The plan is to replace 44 labour laws that dealt with different issues with four comprehensive bills. With this, we will have just four simplified laws in place of these laws.

### **The New Labour Codes – The Proposed 4 Bills**

The new 4 codes will deal with wages, social security, industrial safety and welfare, and industrial relations.

#### **Labour Code on wages**

Code on wages will subsume legislations like The Minimum Wages Act, the Payment of Wages Act, the Payment of Bonus Act, the Equal Remuneration Act. It aims to provide a national floor for minimum wage. It also has provisions to consider regional variations like geography, economy etc.

#### **Labour Code on Occupational Safety, Health and Working Conditions**

Code on Industrial safety and welfare will replace legislations like the Factories Act, the Mines Act and the Dock Workers (Safety, Health and Welfare) Act. This will put in place a uniform regime across the nation to ensure industrial safety.

#### **Labour Code on Industrial Relations**

The Labour Code on Industrial Relations will combine the Trade Unions Act, 1926, the Industrial Employment (Standing Orders) Act, 1946, and the Industrial Disputes Act, 1947. The focus here is to set the stage for the way labour unions can protect labour interests. It also seeks to abolish deadlocks and promote worker welfare while promoting investment.

## **Labour Code on social security**

Code on social security will merge important legislations like Employees' Provident Fund and Miscellaneous Provisions Act, Employees' State Insurance Corporation Act, Maternity Benefits Act, Building and Other Construction Workers Act and the Employees' Compensation Act

Note: The Labour Code on Wages was approved by Parliament in August while the Labour Code on Occupational Safety, Health and Working Conditions have been referred to the standing committee on labour.

## **Conclusion**

A vibrant and responsible trade union environment is the requisite for inclusive growth to any economy. It checks growing inequality and falling living conditions of the working class.

Recent years has seen an erosion of powers of most labour unions. Though labour reforms are the need of the hour, every reform should strike a perfect balance between labour welfare and investment-led development.

## **COLLECTIVE BARGAINING:**

**Collective bargaining** is a process of **negotiation** between employers and a group of employees aimed at agreements to regulate working salaries, working conditions, benefits, and other aspects of workers' compensation and rights for workers.

The term **collective bargaining** is made up of two words, 'collective' – which means a 'group action' through representation and 'bargaining', means 'negotiating', which involves proposals and counter-proposals, offers and counter-offers. • Thus it means collective negotiations between the employer and the employee, relating to their work situations. • The success of these negotiations depends upon mutual understanding and give and take principles between the employers and employees.

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1. Definitions • Encyclopedia of social sciences, "Collective bargaining is a process of discussion and negotiation between two parties, one or both of whom is a group of persons acting in concert. The resulting bargain is an understanding as to the terms and conditions which a continuing service is to be performed. More specifically, collective bargaining is a procedure, by which employer and a group of employees agree upon the conditions of work". • Richardson says, "Collective

bargaining takes place when a number of work people enter into negotiation as a bargaining unit with an employer or a group of employers with the object of reaching agreement on conditions of the employment of the work people". • The I.L.O. workers manual defines collective bargaining as, "negotiation about working conditions and terms of employment between an employer, a group of employers or one or more employer's organizations, on the one hand, and one or more representative workers organization on the other with a view of reaching an agreement.

2. Salient Features • It is a collective process in which representatives of employers and employees participate mutually. • It is a flexible and dynamic process wherein no party adopt a rigid attitude. • It is a bipartite process whereas the representatives of workers and management get an opportunity for clear and face to face negotiation. • It is a continuous process which can establish regular and stable relationship between worker's organization and management. • Understanding of view points, taking correct decisions etc.



3. Salient Features • It is a practical way to establish an industrial democracy. • It is a good method of promoting industrial jurisprudence. • It is good form of interdisciplinary system (i.e. a function embodying economic psychological, administrative, ethical and other aspects.) • It is a process that includes efforts from preliminary preparations to the presentation of conflicting view points, collection of necessary facts,
4. Functions Prof. Butler has viewed the functions as: • a process of social change • a peace treaty between two parties • a system of industrial jurisprudence



5. Collective bargaining as a process of social change • Collective bargaining enhances the status of the working class in the society. Wage earners have enhanced their social and economic position in relation to other groups. • Employers have also retained high power and dignity through collective bargaining. Collective bargaining as a peace treaty • Collective bargaining serves as a peace treat between the employers and employees. However the settlement between the two parties is a compromise.
6. Collective bargaining as an industrial jurisprudence • Collective bargaining creates a system of "Industrial Jurisprudence". It is a method of introducing civil rights into industry. It establishes rules which define and restrict the traditional authority exercised by employers over their employees placing part of the authority under joint control of union and management. In addition to the above, its functions include: • Increasing the economic strength to employers and employers. • Improving working conditions and fair wages. • Maintaining peace in

industry • Prompt and fair redressal of grievances. • Promoting stability and prosperity of the industry.

7. Principles of Collective Bargaining For both union and management • Collective bargaining process should give due consideration to hear the problems on both sides. This will develop mutual understanding of a problem which is more important for arriving at the solutions. • Both the management and union should analyze the alternatives to arrive at the best solution. • There must be mutual respect on both the parties. The management should respect the unions and the unions should recognize the importance of management. • Both the union and management must have good faith and confidence in discussion and arriving at a solution.
8. Collective bargaining required effective leadership on both sides, on the union side and management side to moderate discussions and create confidence. • In collective bargaining both the union and management should observe the laws and regulations in practice in arriving at a solution. • In all negotiations, the labour should be given due consideration – in wage fixation, in working conditions, bonus etc.



9. For management • Management should think of realistic principles and policies for labour regulations. • The recognitions of a trade union to represent the problems is more essential. If there are more than one union, the management can recognize on which is having the support of majority of workers. • Management should follow a policy of goodwill, and cooperation in collective bargaining rather than an indifferent attitude towards the union. • Managements need not wait for trade union to represent their grievances for settlement. Management can voluntarily take measures to settle the grievances. • Managements should give due consideration to social and economic conditions of workers in collective bargaining.
10. For unions • Unions should avoid undemocratic practices. • Unions have to recognize their duties to the management also before emphasizing their demands. • Unions have to consider the benefits to all workers rather than a section of workers. • Strike lock-outs should be resorted to, only as a last measure. As far as possible they have to be avoided by compromise and discussion.
11. Forms of Collective Bargaining The forms of collective bargaining differ from country to country and time to time in India. Collective bargaining takes the following forms:
  - Settlements under industrial disputes act: According to this, negotiations are carried out by officers according to the Industrial Disputes Act.

**Settlements by parties:** In this case settlements are arrived at by parties themselves without the interference of a third party.

12. • Consent awards: Here the agreements are negotiated by the parties on a voluntary basis when disputes are subjudiced. Later these are submitted to the labour courts. • Direct negotiation: In this agreements are arrived at by both the parties after direct negation. The enforcement of these agreements depends upon the goodwill and cooperation of the parties.



13. • On the basis of the level • Plant level bargaining • Industry level bargaining • National level bargaining
14. • Plant level bargaining • It is the micro level bargaining. It takes place in the particular unit between the management and the trade unions of that unit. • Industry level bargaining • Several unions of the same industry form and association and negotiate with the employers. • National level bargaining • In this, the representatives of trade unions and employers at the national level will negotiate.
15. The Contents of Collective Bargaining Agreements • Nature, scope, definition and purpose of agreement. • Rights and responsibilities of management and trade unions. • Wages, bonus, production norms, leave, retirements benefits and other benefits and terms and conditions of service. • Grievance redressal procedure. • Methods and machinery for the settlements of possible future, disputes, and • A termination clause
16. Process of Collective Bargaining • The process of collective bargaining consists of two stages (i) the negotiation stage (ii) the contract administration.
17. Negotiation Stage • At the negotiation stage certain proposals are put forward for mutual agreement after careful consideration. The negotiation stage consists of three steps. • Preparation for negotiation • Negotiation procedure • Follow up action
18. Preparation for negotiation • First the union will submit their fresh contract to the management before the expiry of existing contract (usually 30 to 60 days before the expiry). • Both the management and unions will take considerable time to the preparation and negotiation. • They collect the required data relating to large number of issues such as wage, salary, seniority, overtime allowance, the cost of living, the policies of trade unions and management, nature of agreement in other companies etc. • The company will collect such information its internal sources – such as balance sheet, contract agreements, market research reports, Govt. reports etc. The trade union also collects such data from their own central organisation, research staff from various Department etc.

19. The personal department prepares a personal, which includes:

- Specific proposals of the company including the objectives of negotiation.
- Estimating the cost of implementing the proposals.
- Classifying the demands as demands acceptable before negotiation, demands acceptable after negotiation, demands which cannot be accepted.
- Such proposals are based on company's commitment to shareholders, consumers, workers and public.

20. Negotiation technique or procedure

- In this step, a negotiation committee is to be formed by both the parties.
- From the management side the representative include the chief executives. The unions is represented by the leaders and centrals leaders. The committee consists of three to six members.
- The demands are classified as demands which need bargaining and demands which may be rejected.
- During negotiations, normally the easier demands are taken up first. Both parties should have a "bargaining cushion", and make counter proposals.
- For example, a demand for wage increase by the union, may be accompanied by a counter proposal for increase in production by the management.
- Such negotiations go on till the "point of no return" is being reached. A rigid or irrevocable stance should always be avoided.

21. Follow-up action

- At this stage, the agreement is printed and circulated among all the employees. The supervisors will be enlightened about the agreements for their effective implementation.

22. Contract Administration

- Agreement will be useful if they are executed properly. As observed by Profs. Illiamson and Harries, "if anything is more important to industrial relations than the contract itself, it is the administration of the contract".

23. General principles for administering the contact effectively

- Cooperation between both the parties is essential. Both the parties should have a tolerant attitude towards each other and have a spirit of accommodation and goodwill.
- Proper procedure should be adopted for the redressal of grievances by providing opportunity to exchange views.
- When a conference over the redressal of grievance reaches an impasse, the grievance should be referred to arbitration.
- Both the parties should honour the commitment.

24. Pre-requisite for Successful Collective Bargaining team

- Negotiating team should represent all groups including production, finance and industrial relations experts. The team should be headed by an appropriate person with adequate authority to take decisions.
- Recognition of unions
- The management should recognize the trade union and analyze the facts in their representation of grievances.
- Mutual understanding encourages mutual agreement.
- Open mind
- Both the management and union should have open minds to listen and appreciate each others point of view with flexibility and adjustment.

25. 'Home Work' on demands

- The union and management have to collect relevant data relating wages, conditions of work, welfare schemes, cost of benefits.

Routine problems • The management and unions have to identify the grievances on routine basis and take appropriate action then and there. Internal union democracy • Trade unions should encourage internal union democracy by consulting the rank and file members. Importance to output • Trade unions should also give importance to output, quality of the products, company's image etc., in addition to their wages, bonus, working conditions etc.

## GRIEVANCE PROCEDURE

A grievance is generally defined as a claim by an employee that he or she is adversely affected by the misinterpretation or misapplication of a written company policy or collectively bargained agreement. To address grievances, employers typically implement a grievance procedure. The grievance procedure may also be part of a collective bargaining agreement.

A grievance procedure is a means of internal dispute resolution by which an employee may have his or her grievances addressed. Most collective bargaining agreements include procedures for filing and resolving grievances. Within a union environment, the processes will typically involve the employee, union representatives and members of the employer's management team.

Grievance processes may differ somewhat from employer to employer and under various collective bargaining agreements. However, most will have certain general processes in common.

Grievances are brought to the employee's immediate supervisor. This may be either an informal process or the beginning of the formal process. Generally, there will be a requirement that the grievance be submitted in writing using a grievance form. Usually, the supervisor and the union representative will review the grievance to determine whether it is valid. Also, most grievance procedures will require that the submission occur within a specified timeframe following the event or incident.

Three possible outcomes may occur at this stage of the process:

- The supervisor and the union representative may determine that no valid grievance exists.
- The grievance may be resolved.
- The grievance may not be resolved to the employee's satisfaction, and it will move forward to the next step in the process.

The next step typically involves the next level of supervisor in the company hierarchy. In most union environments, the employee will be represented by the union and is not

present in the review process. A failure to resolve the grievance will lead to the next step in the grievance process.

The third step in the process will lead to a review by a higher level of company management and potentially a higher-level union representative. Ultimately, the grievance may reach the highest levels as set forth by the contract.

If the grievance remains unresolved through the highest levels of management within the company, many procedures include a provision by which an outside arbitrator may be called in to resolve the issue. Senior leaders from both sides are typically involved in the arbitration process.

An effective grievance procedure provides employees with a mechanism to resolve issues of concern. The grievance procedure may also help employers correct issues before they become serious issues or result in litigation.

## Industrial disputes act, 1947

The Industrial Disputes Act, 1947 • The objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations. • This act deals with the retrenchment process of the employees, procedure for layoff, procedure and rules for strikes and lockouts of the company.

### Introduction:

Industrial Disputes have adverse effects on industrial production, efficiency, costs, quality, human satisfaction, discipline, technological and economic progress and finally on the welfare of the society. • A discontent labour force, nursing in its heart mute grievances and resentments, cannot be efficient and will not possess a high degree of industrial morale. Hence, the Industrial Dispute Act of 1947, was passed as a preventive and curative measure.

### SCOPE AND OBJECT •

The Industrial Dispute Act of 1947, came into force on the first day of April, 1947. Its aim is to protect the workmen against victimization by the employers and to ensure social justice to both employers and employees. • The unique object of the Act is to promote collective bargaining and to maintain a peaceful atmosphere in industries by avoiding illegal strikes and lock outs.

The Act also provides for regulation of lay off and retrenchment. • The objective of the Industrial Disputes Act is to secure industrial peace and harmony by providing machinery and procedure for the investigation and settlement of industrial disputes by negotiations.

## **DEFINITIONS •**

Appropriate Government [Sec. 2(a)]: Appropriate Government means the Central Government in relation to any industrial dispute concerning any industry carried on by or under the authority of the Central Government, any industry carried on by a Railway Company, any controlled industry specified by the Central Government, The Unit Trust of India. Corporations under the Central Statutes, Banking company, Insurance company. Mines. Oil field, Cantonment board, Major ports, etc. In relation to any other industrial dispute, the appropriate Government is the State Government.

Award [Sec 2 (b)] means an interim or a final determination of any industrial dispute or of any question relating thereto by any Labour Court, Industrial Tribunal or National Industrial Tribunal and includes an arbitration award made under section 10A;

Industry [Sec. 2(j)]: Industry means any business, trade, undertaking, manufacture or calling of employers and includes any calling, service, employment, handicraft or industrial occupation or avocation of workmen.

industrial Dispute [Sec. 2(k)]: means any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person.

2(k) "industrial dispute" means any dispute or difference between employers and employers, or between employers and workmen, or between workmen and workmen, which is connected with the employment or non-employment or the terms of employment or with the conditions of labour, of any person;

Settlement [Sec. 2(p)]: Settlement means a settlement arrived at in the course of conciliation proceeding and includes a written agreement between an employer and a workman arrived at otherwise than in the course of conciliation proceeding where such agreement has been signed by the parties thereto in such manner as may be prescribed and a copy thereof has been sent to an officer authorised by the Appropriate Government and the Conciliation Officer.

Wages [Sec. 2(rr)]: Wages mean all remuneration capable of being expressed in terms of money, which would, if the terms of employment, express or implied were fulfilled, be payable to a workman in respect of his employment or of the work done in such an employment.

2(n) "Public utility service" means - (i) any railway service or any transport service for the carriage of passengers or goods by air; (ia) any service in, or in connection with the working of, any major port or dock; (ii) any section of an industrial establishment, on the

working of which the safety of the establishment or the workmen employed therein depends; (iii) any postal, telegraph or telephone service;

## **DISPUTE SETTLEMENT AUTHORITIES UNDER THE ACT •**

The I.D. Act provides elaborate and effective machinery for the investigation and amicable settlement of industrial disputes by setting up the various authorities. These are: • Works Committee; • Conciliation Officer; • Conciliation Board; • Court of Enquiry; • Labour Court;

### **WORKS COMMITTEE [Sec. 3]: •**

In the case of an industrial establishment in which 100 or more workmen are employed, the appropriate Government may require the employer to constitute a 'Work Committee'. • It consists of equal number of representatives of employers and workmen engaged in the establishment. • The representatives of the workmen shall be chosen from amongst the workmen engaged in the establishment and in consultation with the registered trade union, if any. • Works committee deals with the workers problem arising day to day in the industrial establishment.

### **CONCILIATION OFFICER [Sec. 4]: •**

The appropriate Government is empowered to appoint any number of persons, as it thinks fit, to be conciliation officers. The conciliation officer having duty of mediating and acts as the mediators in between the parties to resolve the dispute. In the case of public utility services matters like strikes and lockouts the conciliation officer can initiate the conciliation proceeding ad tries to settle the dispute in between the parties.

1. If the conciliation officer fails to resolve the dispute between the parties, he should report to the appropriate government. If necessary the dispute shall be referred to the Board, Labour Court, Tribunal or National Tribunal, by the appropriate government. [Sec 12 (5)]
2. Duties of conciliation officers. [Sec 12] • Hold conciliation proceedings relating to Strikes and lockouts procedural matters of public utility services. • Investigate the matters of the disputes. • Conciliation officers shall induce the parties to come to a fair and amicable settlement of the dispute.

### **CONCILIATION BOARD [Sec. 5]: •**

As occasion arises appropriate Government is also authorised to constitute a Board of conciliation for promoting the settlement of an industrial dispute. It consists of a chairman who shall be an independent person, and two or four other members. The members appointed shall be in equal numbers to represent the parties to the dispute. On the dispute being referred to the Board it is the duty of the Board to do all things as it thinks fit for the purpose of inducing the parties to come to fair and amicable settlement. If there are many parties relating to or in the dispute the government may appoint the conciliation board consisting of the above said members.

According to [Sec 10 (2)] when parties in the industrial dispute apply to the government to refer dispute to the Conciliation Board and if government satisfies it shall make the reference to the Conciliation Board.

**Duties of board. [Sec 13]** • it shall be the duty of the Board to endeavor to bring about a settlement of dispute. • Investigate the matters relating to the dispute between parties and inducing the parties to come to a fair and amicable settlement of the dispute. • In case of failure of settlement of dispute in between parties, duty to send to the government the report of facts and circumstances relating to the disputes and board opinion, a settlement could not be arrived at,

**COURT OF ENQUIRY [Sec. 6]:** • as occasion arises, Government can initiate a Court of Inquiry. This Court of Inquiry was to find out matters connected with or relevant to an industrial dispute. Where a Court consists of two or more members, one of them shall be appointed as the chairman.

**ADJUDICATION** • Labour Court [Sec. 7]: The appropriate Government is empowered to constitute one or more Labour Courts. Its function is the adjudication of industrial disputes relating to any matter specified in the Second Schedule.

A Labour Court consists of one person only. A person is qualified to be appointed as presiding officer of a Labour Court, if: • (a) he is, or has been a judge of a High Court, or (b) he has been a District judge or an Additional District judge for at least three years, or (c) he has held the office of the chairman or any other member of the Labour Appellate Tribunal or of any Tribunal for at least two years, or (d) he has held any judicial office in India for not less than seven years, or (e) he has been the presiding officer of a Labour Court constituted under any Provincial Act or State Act for at least five years.

**Industrial Tribunal [Sec. 7A]:** • The appropriate Government may, by notification in the Official Gazette, constitute one or more Industrial Tribunals for the adjudication of industrial disputes relating to any matter, whether specified in the Second Schedule or the Third Schedule and for performing such other functions as may be assigned to them under this Act.

• A Tribunal consists of one person only. For appointment as the presiding officer of a Tribunal • he is, or has been, a Judge of a High Court; or • he has, for a period of not less than 3 years, been a District Judge or an Additional District Judge; • he is or has been a Deputy Chief Labour Commissioner (Central) or Joint Commissioner of the State Labour Department, having a degree in law and at 7 seven years' experience in the labour department after having acquired degree in law including three years of experience as Conciliation Officer: • Provided that no such Deputy Chief Labour Commissioner or Joint Labour Commissioner shall be appointed unless he resigns from the service of the Central Government or State Government, as the case may be, before being appointed as the presiding officer; or he is an officer of Indian Legal Service in Grade III with three years' experience in the grade."

**National Tribunal [Sec. 7 (B)]:** • The Central Government may, by notification in the Official Gazette, constitute one or more National Industrial Tribunals. Its main function is the adjudication of industrial disputes which involve questions of national importance or affecting the interest of two or more States.

The Central Government shall appoint a National Tribunal consisting of one person only. • A person to be appointed a presiding officer of a National Tribunal must be, or • must have been, a judge of a High Court or • must have held the office of the chairman or • any other member of the Labour Appellate Tribunal for a period of not less than two years. The Central Government may appoint two persons as assessors to advise the National Tribunal.

**ARBITRATION** • Voluntary reference of disputes to arbitration. [sec. 10 (a)]: an arbitrator is appointed by the Government. Whether the dispute is before Labour Court, or Industrial Tribunal or National Tribunal, the parties can go to arbitration by written agreement. The arbitrators conduct the investigation in to the dispute matters and give arbitration award (final decision or settlement or decree) as for making reference of an industrial dispute. If an industrial dispute exists or is apprehended and the employer and the workman agree to refer the dispute to an arbitration, they may refer the dispute to an arbitration. But such reference shall be made before the dispute has been referred under Sec. 19 to a Labour Court or Tribunal or National Tribunal by a written agreement. The arbitrator may be appointed singly or more than one in number. The arbitrator or arbitrators shall investigate the dispute and submit to the appropriate Government the arbitration award signed by the arbitrator or all the arbitrators, as the case may be.

**Grievance Settlement Authority [Sec. 9 (c)]:** • This Section is incorporated as a new chapter II B of the Act. As per this Section, the employer in relation to every industrial establishment in which fifty or more workmen are employed or have been employed on any day in the preceding twelve months, shall provide for, in accordance with the rules made in that behalf under this Act, a Grievances Settlement Authority.

Grievance Redressal Committee for the resolution of disputes arising out of individual grievances. • The Grievance Redressal Committee shall consist of equal number of members from the employer and the workmen. • The chairperson of the Grievance Redressal Committee shall be selected from the employer and from among the workmen alternatively on rotation basis every year. • The total number of members of the Grievance Redressal Committee shall not exceed more than 6: Provided that there shall be, as far as practicable, one woman member if the Grievance Redressal Committee has two members and in case the number of members is more than two, the number of women members may be increased proportionately.

**STRIKES AND LOCKOUTS** • Strike [Sec. 2 (q)]: Strike means "a cessation of work by a body of persons employed in any industry acting in combination or a concerted refusal under a common understanding of any number of persons who are or have been so employed, to continue to work or to accept employment". Mere stoppage of work does not come within the meaning of strike unless it can be shown that such stoppage of work was a concerted action for the enforcement of an industrial demand.

**Lockout [Sec. 2(1)]:** Lockout means "the temporary closing of a place of employment, or the suspension of work, or the refusal by an employer to continue to employ any number of persons employed by him". Lockout is the antithesis of strike.

**PROCEDURE OF STRIKES** • According to Sec. 22(1) • Worker should follow the rules mentioned below for doing strike. The rules are as follows • (a) Issue of notice of strike is mandatory; (b) The date of strike must be within 6 weeks from the date of issue of strike notice; (c) The day of strike must not be within 14 days from the date of notice; (d) There should be no strike on any day before the date specified in the strike notice; (e) There should be no strike during the pendency of conciliation proceedings and 7 days after the conclusion of said proceedings;

**PROCEDURE OF LOCKOUTS** • According to Sec. 22(1) Worker should follow the rules mentioned below for doing Lockouts. The rules are as follows • (a) Issue of notice of lockout is mandatory; (b) The date of lockout must be within 6 weeks from the date of issue of strike notice; (c) The day of lockout must not be within 14 days from the date of notice; (d) There should be no lockout on any day before the date specified in the strike notice; (e) There should be no lockout during the pendency of conciliation proceedings and 7 days after the conclusion of said proceedings;

#### **Strike •**

Workers shall do the strike. • Workers do the strike because of the grievance and for its solution. • Prior notice should be given by the worker to the owner of the factory. • lockout • Employer or owner shall do the lockout. • Owners do the Lockout because of the disputes between owners and workers. • Prior notice should be given by the owner of the factory to the worker.

**LAY-OFF AND RETRENCHMENT** • Lay-off [Sec. 2(kkk)]: Lay-off means "the failure, refusal or inability of an employer on account of shortage of coal, power or raw materials or the accumulation of stocks or the breakdown of machinery or for any other reason to give employment to a workman whose name is borne on the muster rolls of his industrial establishment and who has not been retrenched". Retrenchment [Sec. 2(oo)]: Retrenchment means the termination by the employer of the service of a workman for any reason whatsoever otherwise than as a punishment indicated by way of disciplinary action.

#### **RIGHTS OF WORKMAN LAID OFF FOR COMPENSATION [Sec. 25C] •**

A workman who is laid off is entitled to compensation only if he complies with the following conditions: • (i) He must not be a badli or a casual workman. "Badli workman" means a workman who is employed in an industrial establishment in the place of another workman whose name is borne on the muster rolls of the establishment, (ii) His name must be borne on the muster rolls of the industrial establishment. (iii) He must have completed at least one year of continuous service.

# **Factories Act 1948**

## **INTRODUCTION**

The Factories Act, enacted in the year 1948. The act is to provide protection to the exploited workers and improve the working conditions in the industries and factories. The act further provides a machinery of instructions and their strict observance and direction for the owners, and the machinery created in the act.

In 1948 the Factories Act, 1934 was revised and it's aimed to cover the ambits of health, cleanliness, over time payments. It was done to ensure the proper working conditions of the workers, health and safety so that they can devote more time and labour in the working process of the factory without the terror of accidents and body strain. To ensure the safe and suitable working conditions of the workers this act was being regularly amended till 1976. By this time because of globalization and modernization many chemical industries involving toxic and hazardous substances were coming into existence and it created more and more problems and hindered every aspect of the workers such as safety, working conditions etc. By the time government could adapt the latest trends in the industrial sector and developments the world's biggest industrial disaster, The Bhopal Gas Tragedy occurred killing thousands of innocent people and created many lacunas in the factories act of 1948 as a result this act wanted the latest amendment and later this act was amended in 1987 as a memorial to the victims of Bhopal.

## **APPLICABILITY**

The Factories Act, 1948 applicable to whole of India, including the state of Jammu and Kashmir. The Act is applicable to the factories which have:

1. A Premises
1. a manufacturing process which is being carried on in the premise or any part of premise
2. Minimum 10 workers where the manufacturing process is carried out with the aid of power. And 20 workers where the manufacturing process is carried without power.

Section 2(m) of the Act provides for definition of Factories. "Factory" includes any premises including the precincts thereof

- i. whereon ten or more workers are working, or were working on any day of the preceding twelve months, and in any part of which a manufacturing process is being carried on with the aid of power or is ordinarily so carried on; or
- ii. whereon twenty or more workers are working, or were working on a day of the preceding twelve months, and in any part of which a manufacturing process is being carried on without the aid of power, or is ordinarily so carried on.

But does not include a mine subject to the operation of the Mines Act, 1952 or a mobile unit belonging to the armed forces of the Union or a railway running shed, or a hotel, restaurant or eating place

### **Manufacturing Process**

It means any process for:

- i. making, altering, repairing, ornamenting, finishing, packing, oiling, washing, cleaning, breaking up, demolishing, or otherwise, treating or adopting any article or substance with a view to its use, sale, transport, delivery or disposal; or
- ii. pumping oil, water or sewage or any other substance; or
- iii. generating, transforming, transmitting power; or
- iv. composing types for printing, printing by letter-press, lithography, photogravure or other similar process, or book-binding;
- v. constructing, reconstructing, repairing, refitting, finishing or breaking up ships or vessels; or
- vi. Preserving or storing any article in cold storage.

The definition is quite important and it has been the subject of judicial interpretation in large number of cases:

#### **Following processes have been held to be manufacturing processes:**

1. Sun-cured tobacco leaves subjected to processes of moistening, stripping, breaking up, adaption, packing, with a view to transport to company main factory for their use in manufacturing cigarette
2. The operation of peeling, washing etc., of prawns for putting them in cold storage is a process with a view to the sale or use or disposal of the prawns.
3. Stitching old gunny bags.
4. In paper factory, bankas grass packed into bundles manually and dispatched to the factory.
5. Work of garbling of pepper or curing ginger.
6. Process carried out in salt works in converting sea water into salt.
7. Conversion of latex into sheet rubber.
8. A process employed for the purpose of pumping water.
9. The work done on the bangles of cutting grooves in them which later would be filled with colouring, is clearly a stage in ornamentation of the bangle with view to its subsequent use for sale.
10. Preparation of soap in soap works.
11. The making of bidies.
12. The raw film used in the preparation of movies is an article or a substance and when by the process of tracing or adapting, after the sound are absorbed and the photos imprinted, it is rendered fit to be screened in a cinema theatre, then such a change would come within the meaning of the term treating or adapting any article or substance with a view to its use.
13. Composing is a necessary part of printing process and hence it is a manufacturing process.
14. Preparation of food and beverages and its sale to members of a club.
15. Receiving products in bulk, in packing and packing as per clients requirements.

16. Construction of railway – use of raw materials like sleepers, bolts, loose rails etc. to adaptation of their use for ultimately for laying down railway line.

### **Worker**

"Worker" means a person employed directly or by or through any agency (including a contractor) with or without knowledge of the principal employer, whether for remuneration or not, in any manufacturing process, or in any other kind or work incidental to, or connected with, the manufacturing process or the subject of the manufacturing process but does not include any member of the armed forces of the Union.

### **Occupier**

The occupier of the factory is the one who owns the business. He is solely responsible for all the things in his factory. The occupier is answerable for the all things which are happened in the premises. All the rules and regulations set by him have to be first approved by the State Government or the chief-inspector. So, there come the general duties of the occupier.

The occupier has the following general duties under the factory act, 1948

- Ensure and insure the safety and health of the working employees.
- To ensure the regular maintenance of the plant or the machinery in the factory. This regulates that there are no health risks to the workers and they are safe.
- To ensure the proper arrangement in the factory for any emergency.
- He must communicate the risks factors to the working employees. Also. Provide them with the required instructions and training under his supervision.
- There must be maintenance of a healthy environment in the workplace. This involves all places of work, to provide the workers with the safety measures.
- There must be proper arrangements for the safety of the working employees. Hence, this will help the employees to work peacefully, without any pressure.
- A written statement should be prepared by the occupier, stating all the safety and risk factors involved.
- The biggest duty of the occupier is to not to employ any child worker.
- Providing paid leaves and payment for the overtime. Also, he should make aware the employees of the working-hours restrictions.

Definition of the Occupier under the Factories Act, 1948 as follows :

"Occupier" of a factory means the person who has ultimate control over the affairs of the factory

Provided that-

- i. in the case of a firm or other association of individuals, any one of the individual partners or members thereof shall be deemed to be the occupier;
- ii. In the case of a company, any one of the directors shall be deemed to be the occupier;
- iii. In the case of a factory owned or controlled by the Central Government or any State Government, or any local authority, the person or persons appointed to manage the affairs of the factory by the Central Government, the State Government or the local authority, as the case may be, shall be deemed to be the occupier;

Provided further that in the case of a ship which is being repaired, or on which maintenance work is being carried out, in a dry dock which is available for hire,-

1) the owner of the dock shall be deemed to be the occupier for the purposes of any matter provided for by or under-

- a. section 6, section 7, 1\*[section 7A, section 7B] section 11 or section 12;
- b. section 17, in so far as it relates to the providing and maintenance of sufficient and suitable lighting in or around the dock;
- c. section 18, section 19, section 42, section 46, section 47 or section 49, in relation to the workers employed on such repair or maintenance;

2) the owner of the ship or his agent or master or other officer-in-charge of the ship or any person who contracts with such owner, agent or master or other officer-in-charge to carry out the repair or maintenance work shall be deemed to be the occupier for the purposes of any matter provided for by or under section 13, section 14, section 16 or section 17 (save as otherwise provided in this proviso) or Chapter IV (except section 27) or section 43, section 44 or section 45, Chapter VI, Chapter VII, Chapter VIII or Chapter IX or section 108, section 109 or section 110, in relation to-

- a. The workers employed directly by him, or by or through any agency; and
- b. The machinery, plant or premises in use for the purpose of carrying out such repair or maintenance work by such owner, agent, master or other officer-in-charge or person;]

## **IMPORTANCE**

The entire Act is framed for the working condition, health, cleanliness, safety, wages and leave/ holidays of the workers. The companies who are fulfilled the criteria of the Factories Act in relation to number of worker, manufacturing process premises for the manufacturing process they have to register their company under the Factories Act.

If the owner/occupier violet the any provision of the Act, the penalties will be imposed on them by way of imprisonment or fine or both under the Factories Act, 1948. The table below shows you how much penalties the owner/occupier will have to bear for the offence he committed.

### **Important provisions of the Factories Act, 1948 as follows :**

- No adult worker shall be required or allowed to work in a factory:- (i) for more than forty-eight hours in any week; and/ or (ii) for more than nine hours in any day.
- Where a worker works in a factory for more than nine hours in any day or for more than forty-eight hours in any week, he shall, in respect of overtime work, be entitled to wages at the rate of twice his ordinary rate of wages. The 'ordinary rate of wages' means the basic wages plus such allowances, including the cash equivalent of the advantage accruing through the concessional sale to workers of food grains and other articles, as the worker is for the time being entitled to, but does not include a bonus and wages for overtime work.
- Where a worker is deprived of any of the weekly holidays, he shall be allowed, within the month in which the holidays were due to him or within the two months immediately following that month, compensatory holidays of equal number to the holidays so lost.

- The periods of work of adult workers in a factory each day shall be so fixed that no period shall exceed five hours and that no worker shall work for more than five hours before he has had an interval for rest of at least half an hour.
- Every worker who has worked for a period of 240 days or more in a factory during a calendar year shall be allowed during the subsequent calendar year, leave with wages for a number of days calculated at the rate of - (i) if an adult, one day for every twenty days of work performed by him during the previous calendar year; (ii) if a child, one day for every fifteen days of work formed by him during the previous calendar year. In the case of a female worker, maternity leave for any number of days not exceeding twelve weeks.

**In order to safeguard the health of the workers:-**

- Every factory shall be kept clean and free from effluvia arising from any drain, privy or other nuisance and in particular accumulations of dirt.
- Effective arrangements shall be made in every factory for the treatment of wastes and effluents due to the manufacturing process carried on therein, so as to render them innocuous and for their disposal.
- Effective and suitable provision shall be made in every factory for securing and maintaining in every workroom adequate ventilation by the circulation of fresh air; and such a temperature that will secure to workers reasonable conditions of comfort and prevent injury to health.
- No room in any factory shall be overcrowded to an extent injurious to the health of the workers employed therein.
- Every part of a factory, where workers are working or passing, shall be provided with sufficient and suitable lighting, natural or artificial, or both.
- In every factory effective arrangements shall be made to provide, at suitable points conveniently situated for all workers employed therein, a sufficient supply of wholesome drinking water.

**In order to ensure safety of the workers:-**

- Every dangerous part of any machinery shall be securely fenced and constantly maintained to keep it in position.
- No young person shall be required or allowed to work at any dangerous machine unless he has been fully instructed as to the dangers arising from it and the precautions to be observed as well as has received sufficient training in work at the machine.

- No woman or child shall be employed in any part of a factory for pressing cotton in which a cotton-opener is at work (subject to the given conditions).
- In every factory every hoist and lift shall be - (i) of good mechanical construction, sound material and adequate strength; (ii) properly maintained, and thoroughly examined by a competent person at least once in every period of six months.
- No person shall be required or allowed to enter any chamber, tank, vat, pit, pipe, flue or other confined space in any factory in which any gas, fume, vapour or dust is likely to be present to such an extent as to involve risk to the workers, unless it is provided with a manhole of adequate size or other effective means of egress.

#### **Certain facilities to be provided to the workers:**

- Every factory shall provide and maintain readily accessible first-aid boxes or cupboards equipped with the prescribed contents, and the number of such boxes or cupboards shall not be less than one for every one hundred and fifty workers ordinarily employed at any one time in the factory.
- In any factory wherein more than two hundred and fifty workers are ordinarily employed, a canteen or canteens shall be provided and maintained by the occupier for the use of the workers.
- In every factory wherein more than one hundred and fifty workers are ordinarily employed, adequate and suitable shelters, rest rooms and lunch room, with provision for drinking water, where workers can eat meals brought by them, shall be provided and maintained for the use of the workers.
- In every factory wherein more than thirty women workers are ordinarily employed, there shall be a suitable room or rooms for the use of children under the age of six years of such women. Such rooms shall provide adequate accommodation, lighting and ventilation with clean and sanitary condition.

## **MINES ACT 1952**

## Introduction

Labour Legislation in India grew with the growth of industry , a number of Labour legislation in India have been passed with a view to upgrade, promote the condition of the Labour keeping in view the development of industry and national economy . After Independence the national Government paid much attention to the improvement of the conditions of Labour , The Mines Act of 1952 is one of such legislation which was passed in Independent India.

## Aims, Object & Scope Of the Mines Act 1952

In India The Mines Act of 1952 was passed to modify and amalgamate the law relating to the regulation of Labour and Safety in Mines.

One of the the main object for which this Act has been passed, is to adjust the conditions of workers working in the Mines. The Mines Act 1952 , therefore aims to regulate, The working condition of workers ,Annual leave with wages of the workers working in the mines , Hours and Limitations of employment .

The main purpose of enacting the Mines Act 1952 is to ensure adequate safety measures and to promote the health and safety of workers employed in the mines .

## The following are the Aims and Objects of the Mines Act 1952 ( According to the Act )

(1) To make provisions as to Health and Safety of workers employed in mines such as Drinking water , Conservancy , medical appliances, responsibility of the owner agent , or manager to give notice of accidents to proper authority .

Provisions related to the Health and Safety of the workers are provided under (**Section 19-27**) of the Mines Act 1952 ,

(2) To make Provisions relating to hours and Limitations of employment such as weekly day of rest , compensatory day of rest , hours of work above ground and below ground night shift , extra wages for overtime work , limitation of daily hours of work.

Provisions relating to the Hours and Limitations of employment are Provided under (**Sections 28-48**) of the Mines Act 1952 ,

(3) To lay down Provisions regarding leave with wages , mode of recovery of unpaid wages .

Provisions relating to the Leave with wages , and mode of recovery of unpaid wages are provided under (**Section 49-56**) of the Mines Act 1952 .

(4) It seeks to achieve fair and Healthy environment in the Mines through inspecting staff . For

efficient administration of the Act , the central Government has been authorized to appoint Chief Inspector, and Inspectors who are assigned various powers and functions under the Act .

### **Salient Features of the Act:**

#### **Committees**

The Central Government shall for the purposes of this Act constitutes the committees. Committee constituted under Section 12 may exercise such of the powers of an Inspector under this Act as it thinks necessary. The committees also comprise the power of a civil court for trying a civil suit for disposition of disputes arisen in matters relating to the mines.

#### **Mining Operations and Management of the Mines**

The owner,agent or manager of mine is required to give notice to Chief Inspector, Controller Indian Bureau of Mines and District Magistrate in writing in form prescribed at least one month before commencement of mining operation. Owner and agent to be responsible for control, direction and supervision of mines and making financial and other provisions and taking steps necessary for compliance with provisions of this Act.

#### **Provisions as to Health & Safety**

In every mine there should be provided, during all working hours prescribed number of first-aid boxes. Every first-aid box shall be kept in the charge of a responsible person who is trained in such first-aid treatment as may be prescribed and who shall be holder of first aid certificate. Wherever more than 150 workers are employed there should be first- aid room.

#### **Notice of Accidents**

If there is occurrence of any accident the owner, agent or manager of the mine shall give notice of the occurrence to such authority in such form and within such time as may be prescribed, in the manner as follows:

- Registers should be maintained for the occurrence of such events and this should be quarterly presented for the inspection of the chief inspector, these registers should be maintained in prescribed forms and copies
- In case of any death taking place in the premises there shall be the inquiry within 2 months and notice for further investigation shall be served on Inspector
- In case of bodily injuries and other injuries leading to absence the entries in the prescribed format shall be maintained in the registers and their copies should also be maintained in the prescribed numbers
- On the 20th January of the year following the accidents, the registers and the prescribed copies of injuries causing absence shall be furnished to the chief inspector for inspection

#### **Hours and Limitation of Employment**

If no person shall be allowed to work more than 9 hours a day and more than 48 hours a week and a person shall not be allowed to work more than 6 days in a week, there must be at least 1 day of rest. The office of every mine shall display a notice showing the weekly day or rest. Where the weekly day of rest is not the same day for all persons employed in the mine, the notice shall show the day of rest allowed to each relay or set of persons or individual. In addition to this no person shall be allowed to work beyond eight hours a day and 48 hours a week below ground in a mine. The notices of hours of work shall be maintained in Form A.

### **Wages of Overtime**

Where any person works more than the normal prescribed hours, he should be paid for his overtime at the rate which is twice than the normal wages paid to him for the work. The register of overtime wages shall be maintained in Form I.

### **Employment of Women**

No woman shall be employed:

- in any part of a mine which is below-ground
- in any mine above ground except between the hours 6 am and 7 pm

### **Maintenance of Register of persons employed**

A register of persons employed should be maintained along with the name of father/husband, age, sex, address and other prescribed particulars and this register should also specify the type of work being carried out like working below the ground and working in an open shaft mine etc.

### **Leave with Wages**

Every person employed in a mine who has completed a calendar year service therein shall be allowed, during the subsequent calendar year leave with wages, calculated:

- in the case of a person employed below ground at the rate of 1 day for every 15 days of work performed by him,
- in any other case, at the rate of 1 day for every 20 days of work performed by him/her

The owner, agent or manager of every mine shall maintain in respect of every employee thereof a record of leave with wages in Form G and H.

# EQUAL EMPLOYMENT OPPORTUNITIES

In other words, it is an **employment** by a company that offers **equal opportunities** and **fair** treatment in the **employment** process to all people regardless of race, sex, religion, nationality, disability or political affiliation that is stated in the final part of the advertisements for new jobs as well as in the job .

Equal opportunity is a standard of non-discrimination which highlights the opportunities in education, employment and benefits, and also in other areas which should be freely available to all citizens in regards to their age, race, sex, religion, ethnic origin, or any other individual or group characteristic which is not related to ability, performance, and qualification. The right to equal opportunities is one that is given evenly to all. Since the Sex Discrimination Act 1975, there have been many issues raised of equal opportunities in the workplace for women. Equal opportunities is concerned with keeping within the law and ensuring that all personnel decisions concerning pay, recruitment and promotion are based only on an individual's ability to do their job well. This is achieved by pre-empting discrimination through a systematic policy approach to all aspects of personnel activities. Diversity is a more wide-reaching approach to equal opportunities work. It incorporates the principle that all workers should receive equal rights but, rather than ignoring the differences between people in terms of their gender and race, this diversity should be recognised and respected. By valuing the varying qualities that different workers bring to their job and organisation, managers may create an environment where everyone feels valued for their individual talents, and where his or her skills and competencies are fully utilised. Unleashing all employees' full potential benefits the bottom line...

## Why it is important?

Business are nowadays more interested in equal opportunities because it allows businesses to gain benefits. People are more attracted to businesses that have equal opportunities in place and have same policies in place for males and females. Over the past decades, gender inequalities has been an issue in the management system of organisations. This means that all employees are treated with fairness and respect in that they are not subject to discrimination or harassment in the workplace. Equal Opportunity is an outcome, not just a process. It is also very important to have equal opportunities set in the management of business as it attracts more clients, more customers and in turn more sales.

## **Factors that affect equal opportunities :**

Small to medium sized enterprises (SMEs) and family businesses do not really take into account equal opportunities. On the other hand, large organisations value the human resources system and equal opportunities very much and it is essential for the daily running of their business.

## **Define managing diversity :**

Managing diversity effectively follows on from, and expands on, equal opportunities. Diversity may be defined as the presence of differences among members of a social unit. Embracing diversity brings to an organisation a wide range of experience, ideas and creativity whilst giving the individual employee a feeling of being enabled to work to their full potential. Managing diversity means establishing a heterogeneous workforce to carry out its potential in an reasonable work environment where no member or group of members has an advantage or a disadvantage (Torres and Bruxelles, 1992). The focus of the workforce diversity issue has diverged from equal employment opportunities to effectively managing workforce diversity as an organisational essential. Managers should be able to bind the issues of managing cultural differences to the needs of the business and be well rooted in business issues, goals and results. Managing the diversity in an organisation should be considered by managers as an opportunity to serve the requirements of customers better and also to influence new markets. By valuing and managing different workers, it is possible to enhance flexibility, creativity and quick response to change.

## **Why is it important :**

Companies that manage diversity among their employees can get the most benefit out of each employee's unique talents, experiences, insight and creativity. The successful management of workplace diversity reflects positively on a company. Many customers choose to do business with companies that are fair in both their hiring and promotional procedures. The companies that properly manage diversity within their organization can increase their chances of doing business with more diverse vendors and partners, even on an international level. Managing diversity means acknowledging people's differences and recognizing these differences as valuable; it enhances good management practices by preventing discrimination and promoting inclusiveness. Good management alone will not necessarily help you work effectively with a diverse workforce.

## What problems women face in business especially management :

Much as the public and business people would like it otherwise, women are still facing obstacles that men are not. Yes, they have made progress, but there's a lot more to be done before they can drop the phrase 'special challenges'. Women have always taken part in the work force but have traditionally worked in lower-status jobs or at pay rates which are lower than men. For one point to consider, women are still working less than our male counterparts in management due to the male dominated. In a Boston Globe article titled, Gap shrinking, but women still working for less/Study cites gains; disparity lingers, 3/4/04, staff writer, Diane E. Lewis refers to a new study presented at the Federal Reserve Bank of Boston the previous day. She states, "The pay gap between young men and women is smaller than it's ever been, but women still face an uphill climb in the workplace.

## How equal opportunities overcome women problems in organisations :

With equal opportunities in place women are being treated fairly and equally. It also eliminates discrimination and encourages consultation between employers and employees on any issues.

Women have the right to work regardless of their colour, race, age or disability. There is no difference in pay or promotion. They are being treated the same.

## How managing diversity in HR overcomes women problems :

Managing diversity is about valuing differences. Women are treated with dignity and allowed to perform to their level of ability. From the organisation perspective it means improved effectiveness and efficiency.

## Conclusion

In summary, the management process within an organisation consists of five fundamental functions which are planning, controlling, organising, staffing and leading. To make management more effective and more directive in terms of the organisation's workforce, human resource management is introduced into the organisation. HRM is the function that involves things such as recruiting, screening and policies.

*MrEC MBA*